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The Role of Business Process Reengineering at the Trust Area of ABC Trust Limited

By

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A dissertation submitted in fulfilment for the Degree
of
Masters in Technology
in
Operations Management



Supervisor: Prof. C. Mbohwa

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Abstract

In the banking sector, the delivery of impeccable service is one of the main and focal drivers to maintain and increase the customer-based. Therefore, the banks cannot afford to overlook examining their internal structures and processes. Incremental upgrade of a management information system or alignment of processes may prove in the long-term to have a minimal impact upon customer value. Organisations may need to employ business process reengineering (BPR) for the radical redesign of processes to improve performance dramatically in terms of cost, quality, service, flexibility and speed. Process reengineering is about reinvention, rather than incremental improvement. The purpose of this research is the study the role of BPR within the banking environment. To determine the gaps that restricts performance and the address these through process reengineering. The key elements would be to adopt a continuous improvement process, a team-learning culture and the need for strong leadership influence to support the changes. This would place the area of focus on a competitive platform within the industry.

Based on the key success factors of process management in terms of process challenges, regulatory compliance was dominate (29.4%), while customer experience was the lowest (3.8%). Participants lacked knowledge of the technical and behavioural aspects of business process reengineering. The leadership style that management has adopted, contradict the staff's view. Likewise, with communication management has rated their communication with staff much higher compared to how staff receives the message from management. The positive finding is the good level of team effectiveness within the bank.

88.5% of participants agreed to a need to change and/or improve. This reflects that a greater part of the workforce wants to achieve more. Services of a reputable consultant may be employed to educate and guide the bank through the change effort to foster solution-based thinking and client-centric approach. The implementation of a change management process and a communication process is recommended. Through a continuous improvement approach, cross-functional and high performing teams are created that leverage off talents and skills from experience staff. The efforts of BPR would place the bank on a more competitive platform with a sustainable competitive edge.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1. Introduction

The banking industry is faced with huge challenges with changes to regulations, resulting from the backlash of the economic crisis, to the ever-increasing demand from customers to have the latest banking technologies at their fingertips, even in the most remote regions. External challenges include governments and regulation, talent, financial markets, customer expectations and technology while internal challenges include products, channels, workforce, organisational models and infrastructure. These challenges are interconnected and there is, therefore, a need for banks and their leaders to be acutely aware of the changing marketplace and to understand the impact of decisions and their outcomes. Collectively, leadership in the organisation needs to navigate through a myriad of complexities that they face in the marketplace. However, leaders will also have to address the human dimension, which includes values, competencies and motivations. Current banking systems have been over the years adopted, adapted, enhanced and modified to suit the needs of business and, as such, lacks flexibility. Funds invested into these modifications cannot merely be placed in the 'lost column' - hence the current state of the banking systems. Although, the information technology (IT) profession is constantly improving its understanding of how object-oriented development can support the business process reengineering ventures for business transformation, few financial institutions are today, ready to tread this path (Mentzas, 1997).

Challenges occur in every organisation. Acknowledging that they exist, and asking difficult questions, can help to reduce the impact of the problem. Uncovering

assumptions, biases and contradictions are critical in effectively working through an issue. The use of people-centric strategies aimed at building openness, innovation and loyalty has proven to be successful. Traditional scenario and contingency-planning may not be enough to avoid a crisis. An organisation-wide view on risks is required, to strengthen controls, standards and testing procedures. All too often employees fail to communicate potential risks through fear of 'rocking the boat'. It is therefore imperative that risk management is ingrained at all levels in the organisation, and an open culture is promoted.

1.2. Summary of the Problem

The South African banks, especially the four major banks, namely ABSA, First National Bank, Nedbank and Standard Bank, have stood stable against the financial crisis of the banks in the Western world. In respect of African expansion, recent research by PriceWaterhouseCoopers (PWC) suggests that ninety five per cent of the Chief Executive Officers (CEO's) in Africa are confident of growth in the next three years. However, the Africa Business Agenda released in July 2012, also highlights talent and leadership shortages, regulatory requirements, political interference, cultural issues and heightened operational risk and losses as some of the key challenges facing business in Africa (South African Banking Sector Overview Report, 2012). Given these challenges, significant management of time and patience, regarding return on equity invested in the short term, will be needed to ensure long-term success.

Figure 1.1 below depicts the market share position at June 2012 of the four major banks. In Figure 1.1., it is evident that the banks are competing closely with one another. Having set the tone, the next generation of productivity improvements will come from responses to changes in customer expectations by the deployment of strategic technological solutions. The key is to be able to integrate all the levers at the banks' disposal to further improve customer engagement. These include rethinking

product solutions in a Basel III world, harnessing technology for customer convenience, optimising internal centres of excellence and improving operational efficiencies.

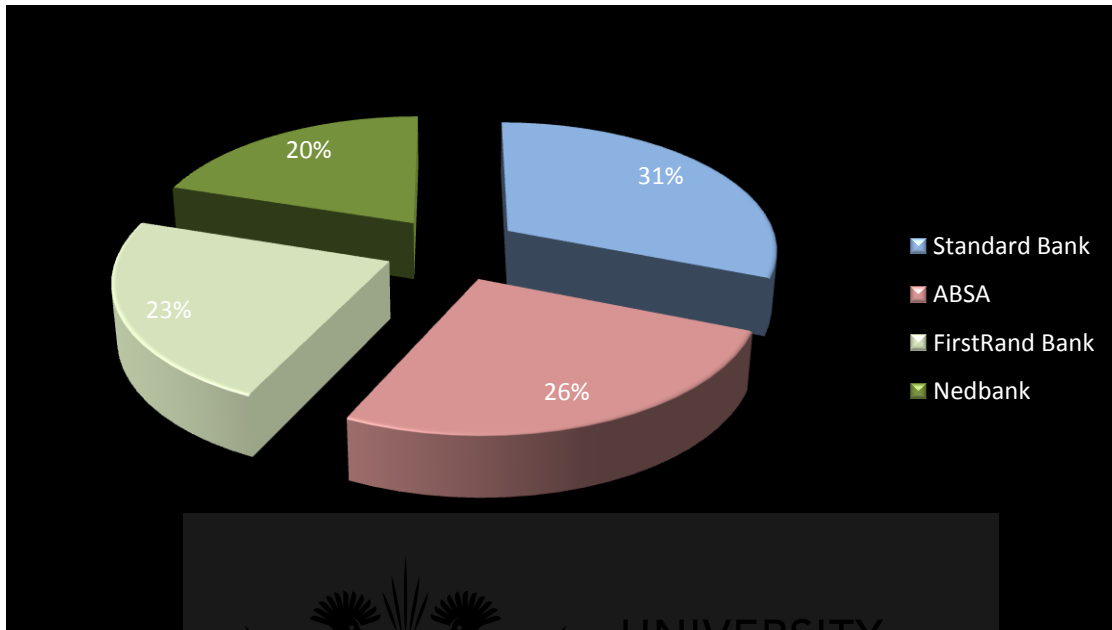


Figure 1.1: Market share of the four major banks in SA (June 2012) - (Adapted from the South African Banking Sector Overview Report, November 2012)

1.3. Background

ABC Bank Limited (anonymous) is one of the top four banking institutions in South Africa. ABC Trust Limited (ABC Trust) (anonymous) is registered as a separate legal entity and has nine branches throughout South Africa. ABC Trust provides fiduciary services, specialising in the administration of Deceased Estates (Estates Department); Estate Planning (Business Development Department); drafting of Wills and Trust Deeds (Wills Department); administration of Testamentary, Inter Vivos and Managed Agency Accounts (Trust Department); Beneficiary Fund and Settlement Trusts (Pension Fund Department) and safe custody of Wills (Safe Custody Department) (This is managed through the company intranet). The focus of this research will be within the Trust environment, which deals with the administration of trusts and agency accounts. In brief, these are:

- Testamentary Trust: This is a trust that is created in terms of a Last Will and Testament. The Trust comes into operation upon the death of the testator.
- Inter-vivos Trust: This is also referred to as a Living Trust and is operational while the founder is alive and continues after the founder's death. An inter-vivos trust is created in terms of the Trust Deed, which governs the administration of the Trust.
- Pension Fund Trust: This is also known as a Settlement Trust and is created by the Trustees of a Pension Fund. The funds are not taxed at source (unapproved funds). Therefore, Pension Fund Trusts are registered as taxpayers since this type of trust is regarded as a legal entity. Pension Fund Trusts commence when the Trustees of the respective Pension Funds instruct that the lump sums of the deceased employees' benefits are paid into a settlement trust, for the benefit of the deceased employees' minors, disabled children and/or surviving spouse who were financially-dependent upon the deceased.

During the stage when a beneficiary is still a minor (i.e. under the age of 18) funds are released to the guardian of the minor for the general well-being, educational expenses and medical costs in respect of that minor. At the termination date, funds are distributed to the beneficiary, and any assets held are transferred into the beneficiary's name.

- Beneficiary Fund: This is also known as a Member Account. Member accounts are taxed at source (approved funds). Therefore, unlike Settlement Trusts, Beneficiary Funds are not registered as taxpayers. Beneficiary Funds are created when the Trustees of the respective Pension Funds instruct that the lump sums of the deceased employees' benefits are to be paid into the beneficiary fund for the benefit of the deceased employees' minors, disabled child/ren and/or surviving spouse who were financially-dependent upon the deceased. In some cases the surviving spouse or beneficiaries that are over the age of 18 may also opt to open a Beneficiary Fund for themselves.

During the stage when a beneficiary is still a minor (under the age of 18), funds are released to the guardian of the minor for the general well-being, educational expenses and medical costs. At the termination date, funds are distributed to the beneficiary and any assets held are transferred into the beneficiary's name.

It is important to note that beneficiary funds are governed by the Financial Services Board (FSB) and trust companies, as well as other administrators of Beneficiary Funds, need to obtain a licence from the FSB in order to administer these types of accounts.

- Managed Agency Account: This is when a client signs a Special Power of Attorney and, by an agreement, authorises ABC Trust to take control over their assets whilst the client is still alive. Mainly senior citizens, who do not want to be troubled with financial issues, allow ABC Trust to administer a Managed Agency Account on their behalf. Some of the typical duties performed by ABC Trust are the purchase and sales of shares, purchase and sales of immovable properties, submission of all relevant tax returns and the payment of accounts. These duties are all carried out under the Managed Agency Account.

In terms of the Trust Property Control Act of 1989 (Trust Property Control Act No. 62 of 1989), a Trust is registered with the Master of the High Court. This is a division within the Department of Justice and Constitutional Development which is charged with the responsibility of overseeing fairness to all stakeholders involved in fiduciary matters such as Estate and Trusts administration. The Master of The High Court issues Letters of Authority (LA's) which allow, or give power to ABC Trust (or any person acting legally on behalf of some other person, i.e. in a fiduciary capacity), to administer the respective Trust. At any stage in the administration of the Trust, The Master of The High Court may require copies of financial documents relating to the Trust. In terms of Section 1 of the Income Tax Act 58 of 1962 (Income Tax Act 58 of 1962), Trusts are considered to be a 'person', as it is regarded as a legal entity or unnatural person. Therefore, Trusts are registered as taxpayers. The Minister of Finance has, under Section 75B of the Income Tax Act, 1962, prescribed

administrative penalties in respect of non-compliance (Government Gazette, 2008) with legislation. Hence, ABC Trust is bound and committed to comply with all relevant legislation that has been laid down.

To enable the trust division to compete and remain competitive within the fiduciary industry, the aim of this research is to study the role and benefits of Business Process Reengineering (BPR). BPR overcomes limitations inherent in other management concepts and approaches. It allows leaders and management a rare luxury: a blank sheet of paper on which to reconstruct an entity totally focused on today and tomorrow's business challenges. This concept replaces the organisations that often engaged in looking backward at the business problems of the past. The objective of BPR is competitiveness and, if possible, marketplace dominance. Radical change is a characteristic of this objective, an outcome of taking a process view and departing from the old way of doing business through functional departments. Although it is not necessary to destroy everything and start over, BPR allows people throughout the organisation to move away from traditional ways of thinking and working, and provides a new way of leveraging a company's core competencies and meaningful investment (Maglitta, 1994).

1.4. Current Research

There has been no research to investigate the need to improve processes and/or structures within the identified focus area. During the latter part of 2010 an investigation was conducted to ascertain the profitability of Beneficiary Funds in South Africa. The result was favourable, which led to increased efforts by ABC Trust to expand business in this area.

1.5. Purpose of the Research

The purpose of this research was to study the role of Business Process Reengineering within the trusts environment, to determine the gaps that restrict performance, and address these through process reengineering. The key elements

would be to adopt a continuous improvement process, a team-learning culture and the need for strong leadership-influence to support the changes. An extensive literature review will be used to explore the aspects of process reengineering and to lay the foundation for the study.

1.6. Research Justification

As at 28 February 2011, the department had 8,399 trusts under administration. As at 29 February 2012, the number of trusts increased to 9,674. The structure of the department has not changed. The number of staff also remains unchanged. Although certain processes have changed over the last two years, the system remains unchanged. For the period 1 January 2011 to 31 March 2011 – for the pension fund area alone 3,184 payments were processed. Over the same period in the pension fund area in 2012 - 3,493 payments were processed. To action each payment irrespective of the amount, at branch level requires three staff member and at the processing area a further four staff members are required. The payment is just one aspect of the job. It is therefore important for research to proceed to determine the extent of change that is required, in view of the increasing number of trusts and more importantly for ABC Trust to remain competitive in the fiduciary industry (internal company record).

Performance level of most processes shows a tendency to decrease over time unless forces are exerted to maintain it. This means that to simply maintain the current standards, it is necessary to perform some degree of maintenance. Importantly, to create improvement and renewal, this requires efforts beyond pure maintenance (Bredrup, 1995). Today, customers are becoming more and more demanding. In the banking industry service delivery and the quality of service are ever-increasing which, in turn, cause customer expectations to rise dramatically. Generally, this means that what was quite satisfactory or acceptable a few years ago, today barely passes, and quite certainly will soon be below expected standards. An increase in capacity without

enhancing processes overlooks performance in time, quality, cost and service. This will have a negative impact upon client satisfaction. BPR would exam the entire range of processes, leading to an improvement in end-to-end processes resulting in more responsive and timely core processes (Carr and Johansson, 1995). A focus on core business processes has a direct impact upon the client, rather than on processes that are completely internal to the trust area.

Risk is another important factor that BPR looks at. An effective internal control system provides management with reasonable assurance that their most valuable assets, the entity and reputation, are well protected. A media report of fraud and control breakdown can lead to a prolonged, or even permanent, impairment of reputation and shareholder value. Therefore, internal controls remain in the reengineered process. Some of the elements it would focus on are whether the control environment is appropriate, given the business process focused on. Are there mechanisms in place to identify and respond to risks arising from internal and external sources? Is there a process to identify, obtain and disseminate internal and external information key to achieving the business objectives? Lastly, do the evaluation procedures assess the adequacy and performance of the controls (Carr and Johansson, 1995)?

In BPR, information technology is viewed as an enabler, not a driver. Once the research is underway, the extent to which information technology needs to be enhanced to provide support to core business will be established.

1.7. Aim of the Research, Research Questions and Objectives

The main aim of the research was to identify areas of improving service delivery using Business Process Reengineering Approaches. Solutions were proposed for the South African banking sector. The study sought to improve the competitive position of the trust division of ABC Trust within the industry.

Research Question: The main research question is: Would Business Process Reengineering assist the banking sector in improving service delivery?

The study focused on Trust Management in ABC Trust, a pseudonym for a leading, real South African Trust company. Within this focus, the research sub-questions are:

- Is there a need for change?
- Is increasing client value the vital factor of the key success factors?
- Would the services of an external consultant be required for a change effort?
- Will BPR contribute positively with regards to organisational performance and support a culture of continuous improvement?



Primary Research Objective

The primary objective of the study is to establish whether there is a platform for Business Process Reengineering solutions to be implemented at ABC Trust Bank in South Africa. There is a need to recognise the need for change, to achieve a sustainable customer satisfaction, and to place the trust division of ABC Trust in a competitive position within its field.

Secondary Research Objectives

The secondary objectives are as follows:

- To determine the employees' level of understanding of BPR
- To establish whether the current business process management approach achieves the intended results
- To establish the current effectiveness of teams since BPR uses a team approach

- To evaluate whether the current leadership style is conducive to a BPR change effort
- Provide the current findings of the research and present a suitable recommendation to management on the use of BPR in process improvement
- Provide recommendations that will help to achieve improved performance on activities that directly impact customers

1.8. Chapter Summary

This section of work presents a summary of the whole research within the structure of chapters.

Chapter 2 Literature Review

This chapter detailed reviews from various sources, providing critical discussions on business process reengineering with the focus on best practices of BPR. Elements of the role of leadership, team effectiveness and learning teams, and effective communication, are discussed in greater detail as these are important elements of a BPR effort.

Chapter 3 Methodology

The methodology chapter critically analysed and discussed the research methods that were utilised to achieve the purpose and objectives of the study. The methods used were observation, semi-structured interviews, questionnaires and focus groups. The bulk of the data was derived from the questionnaires and interviews. Focus groups were conducted to close gaps in the data and to clarify some of the findings. The questionnaire was constructed in terms of the themes which flowed from the literature review.

Chapter 4 Results and Discussions

Detailed analyses and discussions of research results obtained from data that were collected in conjunction with the research question were elaborated on in this chapter. The majority of the respondents were agreeable to change. The results reflected that respondents had a poor understanding of BPR. An alarming finding was that regulatory compliance dominated the process challenges while customer experience was rated the lowest challenge. Results further reflected that with regard to perceptions in terms of management styles and effective communication, management's perception differs significantly in comparison to that held by staff. Recommendations were also made for improvements and future studies to be conducted in relation to the subject at hand.

Chapter 5 Conclusions

This chapter concluded the entire research project. Discussions were provided indicating how the objectives of the study were achieved. Tightly-integrated information re-modelling with business re-designs and quality improvement is recommended; together with a continuous improvement process to be adopted, a team-learning culture and a strong leadership influence to support the changes. The role of BPR within the trust area of ABC Trust will achieve a sustainable level of customer satisfaction and will contribute towards placing the trust division in a competitive position within the fiduciary industry.

1.9. Conclusion

The success of this research will make a positive contribution to the company as it will reflect the importance of adapting to the changing landscape in order to maintain and sustain quality, speed, reliability, dependability, flexibility, and minimise cost. In view of the period of the absence of change and improvement, the trust area may require radical changes, which BPR offers. The following literature review is used to reflect the different views of process reengineering and the requirements thereof.

CHAPTER 2

LITERATURE REVIEW

2.1. Introduction

The literature used will support the research and different aspects of the listed objectives. A comprehensive discussion of Business Process Reengineering (BPR) will commence the literature review with the view of the best practice of BPR. No doubt, a continued improvement process is the way to sustain business processes. The literature covers the importance of leadership within an organisation and the vital role leadership plays to drive and support change. The literature review will progress to another key element of change, which is communication. In every organisation or institution, albeit for profits or non-profits, remains an imperative element, which often-times is overlooked. The literature will conclude with a review on a vital part of business, human capital, with the sole view on how teams can harness team learning within business.

2.2. Business Process Reengineering

In the banking industry, BPR means transforming selected processes and procedures with a view to empower the bank with contemporary technologies, business solutions and innovations that enhance the competitive advantage. BPR can be defined as the fundamental reconsideration and radical redesign of organisational processes in order to achieve drastic improvement of current performance in cost, service and speed in the words of Michael Hammer and James Champy (1993). To ensure survival in the changing global environment it is essential that banks respond to major

trends reshaping the markets (Hammer and Champy, 1993). According to the work of Berihu Assefas (2009) BPR began as a private sector technique to help organisations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors.

2.2.1. The Definition of a Business Process

Ericsson (1993) defines a process as “... a logic of related transactions that converts inputs to results or output.” To separate a company’s processes from any other form of processes, the word business has been added to form the term business process. A business process can be defined in a number of different ways. Ericsson (1993) defines it as:

- A chain of logical, connected, repetitive activities that
- utilises the company’s resources to
- refine an object (physical or mental) for
- the purpose of achieving specified and measurable results/products for
- internal or external customers.

Objective:

The objective of a BPR initiative is to create and enhance the value of the bank for the customers. It takes into account 4 important aspects:

- customer (to provide enhanced value),
- competition (to meet it successfully),
- change (to manage it), and
- cost (to reduce).

The basic objectives of BPR are to reduce the transaction process time without sacrificing security aspects, quality and real time service to clients and extensive propagation of the single window concept. BPR basically aimed at maintaining long-

term profitability and strengthening the competitive edge of banks in conforming to, and transforming, market realities (Hammer and Champy, 1993).

Process:

There are three key parameters for BPR i.e. customer service, product innovation and operational excellence. BPR envisages a number of activities such as procurement, order fulfilment, product development, customer service and sales. The process involves identification of the business processes to be redesigned, understanding and measuring the existing processes, identifying the information technology levers and designing and building a prototype of new process (Hammer and Champy, 1993).

Benefits:

There is a growing need for use of BPR to further the strategic goals of banks. BPR can benefit customers through significantly-reduced transaction time, flexibility in servicing and improved value. The banks can benefit by increased volume of business and higher productivity, reduced operational cost leading to higher profits, improved employee loyalty and sense of belongingness and establishment of banks within a branch concept. Employees benefit through empowerment leading to higher job satisfaction, effective job rotation as an additional incentive and effective interface with customers as work load is evenly distributed (Hammer and Champy, 1993).

Reengineering, or business process reengineering (BPR), as it is commonly called, was the buzzword of the 1990s. BPR, process improvement, business transformation, process innovation and business process redesign are terms frequently used interchangeably. Competing definitions of BPR proposed by leading practitioners are (Grover et al., 1993):-

- “the analysis and design of workflows and processes within and between organisations”;

- “a methodological process that uses Information Technology (IT) to radically overhaul business process and thereby attain major business goals”;
- “the reconfiguration of the business using IT as a central leader”;
- “overhauling of business processes and organisation structures that limit the competitiveness, effectiveness, and efficiency of the organisation”;
- “The fundamental analysis and radical redesign of business processes to achieve dramatic improvements in critical measures of performance’ (Grover et al., 1993).

Reengineering is a significant change and a rethinking of why business activities are performed a certain way; and not about tinkering with or speeding up what is already in place. Reengineering is not about fine tuning or five to ten per cent improvements. Stretch goals for reengineering are sometimes in the order of multi-fold performance improvements in cycle time, quality, customer service or cost, which cannot be accomplished without revamping existing processes, or often redesigning them from a clean slate. The focus of improvement by necessity is thus the business process, which is the collection of activities or tasks that create outputs of value to a customer. These activities could be value-adding activities which are of importance to the customer, hands-off activities that move work across organisational boundaries or functions and control activities that control-approve movement of work flow. In most cases (but not all), the power of modern IT, both computing and communication, plays a major role in transforming slow sequential tasks into parallel simultaneous tasks whereby enhancing communication between tasks can lead to the achievement of these dramatic performance improvements (Maglitta, 1994).

Reengineering in the classic sense can also be differentiated from other programs such as Total Quality Management (TQM), rightsizing, restructuring and automation. The over-statement surrounding reengineering often makes it difficult to differentiate between these change programs. Rightsizing and restructuring are typically used to

refer to adjustments in staffing requirements and changes in formal structural relationships, respectively. Neither approach focuses on the business process.

Automation refers to typical application of technologies (including IT), where the application focuses mainly on automating existing procedures without questioning their appropriateness or legitimacy (Boudette, 1990). TQM and reengineering, focus on processes. However, TQM involves bottom-up participation, usually within functions, and continuous evaluation of current practices resulting in incremental changes in work design. Reengineering, on the other hand, is typically initiated from the top down, focuses on broad cross-functional processes, questions the logic of existing designs and is usually a one-shot attempt at achieving quantum improvements. IT, while only incidental to TQM, is often a key enabler of reengineering. All the same, TQM can often serve as the building block for subsequent BPR efforts (Zairi and Sinclair, 1995). The high technology capability has forced the small and medium banks to engage in process reengineering. This brought about revolutionary changes in efficiency and accuracy to meet the need of the customer (Aregbeyen, 2011).

Considering the development of business models used in the banking environment, these models are usually built using traditional methodologies and antedate modern approaches to the design of information systems. The redesign effort should take into account a multitude of factors (Mentzas, 1997)

- Structure (i.e. the group dynamics and value-adding hierarchical levels);
- Systems (i.e. the need for integrated management tools and management information);
- Staff (i.e. the empowerment of staff and the creation of competitive employer advantages);
- Culture (i.e. the need to develop enhanced business cultures and support the creation of learning institutions).

To create a dramatic increase in efficiency, productivity, or profitability, a drastic change in the design of the organisation's processes is required. Graham (2010) professes that reengineering is a useful tool that has been adopted by and hailed as one of the current major drivers of change within many organisations. BPR is playing an important role in the enhancement of productivity and efficiency of many organisations.

2.2.2. Best Practices in Business Process Reengineering

The successful implementation of BPR depends on how the project fits within the organisation cultural norms and IT (Ahmad et al., 2007). BPR is a two-pronged effort. One portion of the BPR undertakes what is termed as technical, which involves the identification of:

- Processes throughout the business
- The core business processes that drive the company values
- The subsequent reengineering of one or more of those processes in order to tighten connections with customers, streamline operations and eliminate wasteful, non-value-adding steps in the identified processes (Carr and Johansson, 1995).

The other portion of BPR is referred to as behavioural. This component involves the identification of changes in the way people work throughout the organisation that will have to take place in order for the technical aspect of BPR to be successful, and the subsequent management of those changes. Despite all that has been written on change management and organisational development in the last two decades or more, corporate culture is still likely to seek solutions to business problems by working on the technical side of the equation. Not enough effort is put into the behavioural part of many change efforts. BPR can and should be used to extend the gains in employee empowerment and teamwork created under any TQM effort. TQM efforts are sometimes limited not only because they seek incremental rather than radical improvement, but because they then make those improvements within the old-fashioned functional framework (Carr and Johansson, 1995).

Burke and Litwin (1992) provide a framework to understand the structure of organisations and are deliberately hierarchical; changes made at the top of the model carry more weight in the organisation than those made at the bottom.

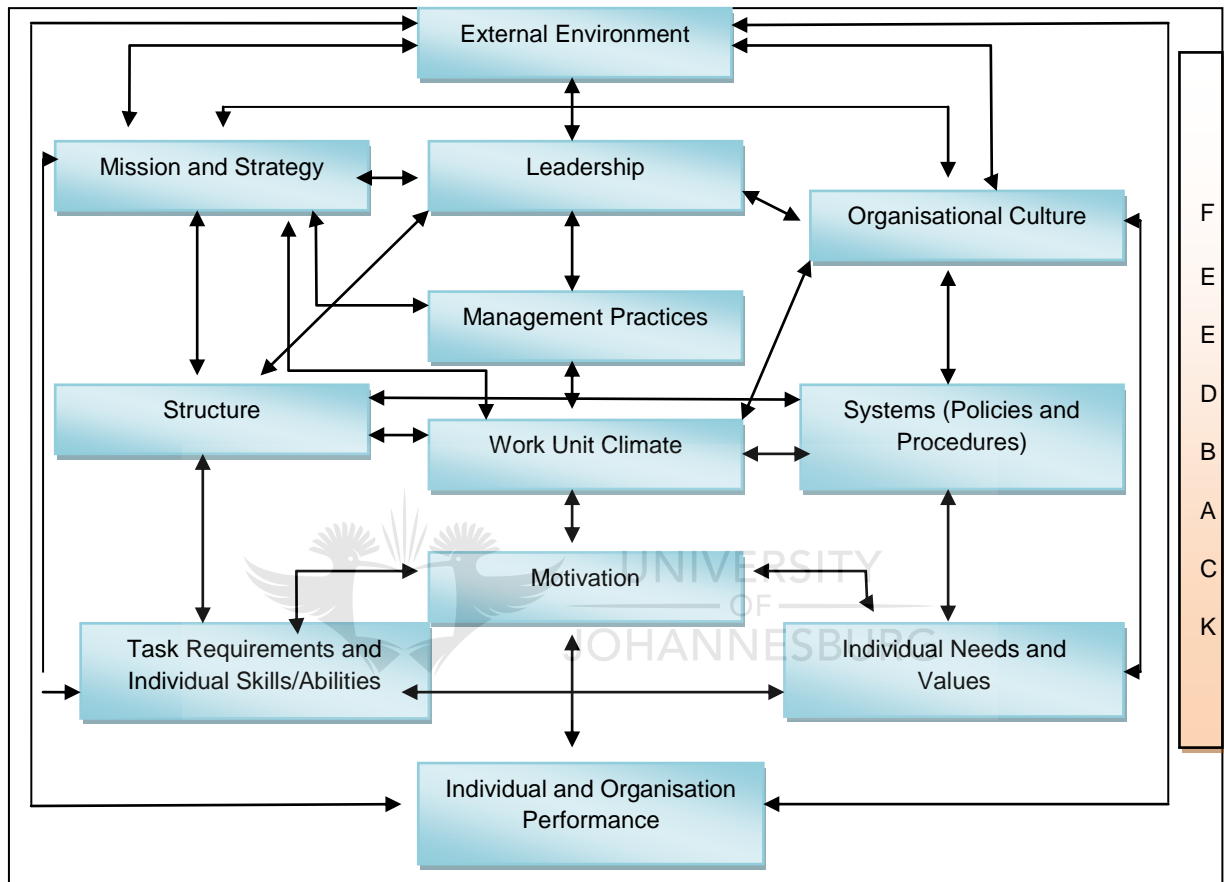


Figure 2.1 The Burke-Litwin Model – a model for change (Adapted from Burke and Litwin, 1992)

2.2.3. Recognise and create a compelling need to change

With BPR the compelling need is driven by the marketplace and competitive environment. To control and shape the direction of change, a company must develop a thorough understanding of the desired state – what the executives wants from the company to be like in three to five years – and what the current state is. This means that individuals within the organisation must change, as well as the organisation itself.

The future state will not be the end state, but an improved state. As Burke and Litwin (1992) suggest, the compelling need comes from an external stimulus. Sometimes the current state makes itself known with unusual bluntness and force. However, the most difficult task for a company is to find a compelling need during good times. The way to establish a compelling need, in the words of Jack Welch, ex-CEO of General Electric, is for leaders to “change before you have to.”

One of the ways recommended by Carr and Johansson (1995) to make a case for a compelling need in good times is to continuously benchmark the company's efforts against the best organisations, regardless of what industry they are in and whether they compete with the company directly or not. The agenda for change is determined by the understanding what has to change and what has to be development within an organisation in order to implement the leader's vision – the corporate mission and strategy. The key point is that there must be a powerful strategic argument for cultural change, which is a behavioural response to strategic objectives.

Senior executives must take the leadership vision and drive it down into the organisation through defining and widely communicating the behavioural changes that are required. Although Burke and Litwin (1992) suggest that the external environment sets the stage for organisational change, only in the hands of a good leader can the stimulus from the external environment be fully harnessed and used as a catalyst for internal change. A more detailed literature discussion below is focused on leadership as this is one of the important elements of BPR.

2.2.4. The Readiness to Change

It is important that organisation's leadership get beyond their own egos in assuming that they have projected a compelling need to change and therefore presume that the company must be ready, willing and able to change. There is a host of assessment surveys that have been developed over the years by change management and organisational development professionals. Some are designed to assess the current

state of thinking at the company (the organisational culture), while others measure an organisation's capacity to face the prospect of change and to accept the actuality of change (Kennedy, 1994). By measuring the climate and giving feedback on the current culture to the corporate leadership as the struggle to create a vision of how the company must work in the future, the survey can help corporate leaders to assess the size of the behavioural gap. Thereafter, measuring attitudes about change by the individuals throughout the company, the organisational development professional can help corporate leaders create a plan for facing the resistance and implementation of the change. The futurist Alvin Toffler (1970) introduced the term 'future shock' to describe the threshold beyond which a person or organisation can no longer effectively adapt to change. Once this point is reached, healthy coping behaviours are displaced by dysfunctional symptoms such as low morale, miscommunication, reduced productivity, increased anxiety, confusion, high turnover, defensiveness, territoriality, obstructionism and hostility. To avoid these costly symptoms of future shocks, managers responsible for the implementation of major business decisions need to know what impact change will have on targets, the individuals or groups who will alter their knowledge, skills, attitudes and behaviours as a result of change. Change management cannot be allowed to just happen as part of the BPR effort. An organisation's leaders must put together a rigorous change management plan that will run concurrently with the BPR technical changes (Kennedy, 1994).

2.2.5. Communicate effectively to obtain buy-in

Communication is the most important tool in obtaining buy-in from employees at every level of the company for the changes that will be necessary to reengineer processes. Communication from the top is paramount; when a leader shows the organisation the urgency of working differently, even when the change itself involves pain, change is more readily accepted. There are two main purposes to an on-going communication program throughout the BPR effort:

- 1) To provide communication on a regular basis to people outside the implementation team – on other teams and throughout the organisation, about the changes that will be taking place as a result of BPR.

- 2) To provide background support for change management activities.

The alternatives to effective communication from the project team are prospects of job loss, problems, and other fears produced by the 'grapevine.' These stories are always much worse than the actual situation. Both good news and bad news need to be communicated. A detailed literature discussion below is focused on communication as this is another important element of BPR, which, often-times, is overlooked (Hammer and Champy, 1993).

2.2.6. Instil Readiness and Commit to Sustain Change

The single most important factor necessary to increase an organisation's speed of change and ability to continuously change is the degree to which people are resilient. Resilience is the ability to absorb high levels of disruptive change while displaying minimal dysfunctional behaviour. It is no longer sufficient to merely adapt to new demands, cope with the stress of uncertainty, or adjust to disruptions in the workplace. Resilience is a force that allows people to go beyond survival and to actually prosper in an environment that is becoming increasingly complex (Kennedy, 1994).

Although resilient individuals face no less challenge than others when they engage with change, more often than not they:

- Regain their equilibrium faster
- Maintain a higher level of productivity
- Are physically and emotionally healthier
- Achieve more of their objectives than people who experience future shock
- Tend to rebound from the demands of change even stronger than before.

Resilient people are positive, focused, flexible, organised, and pro-active.

2.2.7. Stay Actively Involved

Staying involved can be regarded as 'walking the talk,' and it is the behaviour that separates real leaders from the figureheads. Since top executives have so many

responsibilities, it would be easier if their job in leading change was over once they had articulated a vision and instilled it in the top managers, who would disseminate it throughout the organisation. However, successful change management requires their continued actions as champions, role models and overseers of change. Their active involvement may include steering committees or participating on these, presiding over ceremonies where employees are rewarded for their adherence to the new behaviour, continuing to communicate in large and small forums, and visibly adopting the new behaviours being asked of everyone in the organisation, such as participative management, focusing on processes and making fact-based decisions (Oakland, 1993).

2.2.8. Creation of Teams

BPR is about making business changes and not 'command and control', nor creating a hierarchy. Therefore, teams are used. Teams, focus groups and interaction among individuals are used to develop and share ideas. The reasons for teams and for intense communication between teams are twofold. Firstly, the best ideas come from groups of people, working together in good faith, to explore potential changes and solutions to current problems.

Table 2.1: Roles and Responsibilities of the four main groups (Adapted from Hammer and Champy, 1993)

Teams Roles	Team Responsibilities
Executive Committee Steering	<ul style="list-style-type: none"> • Develop overall vision • Approved reengineering targets and develop process vision • Champion the change effort • Remove barriers • Provide initial guidance on team membership • Monitor results
Reengineering Work Team	<ul style="list-style-type: none"> • Work with executive steering committee to finalise process vision • Perform 'as-is' analysis • Develop 'to be' model • Develop and redesign metrics • Create implementation plan
Line Management	<ul style="list-style-type: none"> • Provide appropriate team members • Contribute resources • Implement short-term improvements • Provide input to teams as internal customers

Facilitators/Consultants	<ul style="list-style-type: none"> • Provide reengineering framework to be used by teams • Provide just-in-time training on tools and techniques • Encourage team members to think 'out-of-the-box' • Play devil's advocate for improvements suggestions • Push to reach stretch goals
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Second, even if a reengineering work group comes up with a terrific idea, it cannot move forward until there is a certain amount of 'buy-in' from above, an explicit acknowledgement that this idea is worth moving forward with. BPR is truly a team-based undertaking. In contrast to the old-fashioned way of doing things, BPR calls for planning and implementation to be broken down into tiny tasks and assigned to individual team members to lead or co-ordinate, thereby moving forward by a momentum formed of teams coming to consensus-based conclusions (Hammer and Champy, 1993). A detailed literature discussion on team development is below, which focuses on a learning culture.

2.2.9. A Structured Framework

A structured framework or a methodology in the BPR effort, either in-house or external through a consultant may be used. Also used is a combination of both. A methodology provides a structured framework. It will facilitate understanding and communication by breaking the effort up into recognizable pieces and by having a common language in place with which to discuss reengineering (Zairi, 1997). The advantages of an in-house framework is that it comes from a familiar cultural base and often presents ideas in ways employees are already accustomed to. The disadvantage is that too much familiarity could allow people to slide through a reengineering effort without ever trying to shatter the paradigms within which they currently operate (Zairi, 1997). The advantage of using an outside framework is that it is based on breadth of experience with many different companies. The disadvantage is that if it is not presented well or constantly revised to take into account the rapid changes in business, it can take on the feeling of a set or generic standard (Zairi, 1997). A successful BPR framework:

- Incorporates change management
- Provides for organisational communication

- Allows for radical change
- Prescribes clearly-defined goals/targets
- Provides a variety of 'tools' to be used throughout processes as necessary
- Plans for customer/supplier input
- Integrates IT
- Is flexible enough to be tailored to the organisation's needs

2.2.10. Use Consultants Effectively

Support from a variety of internal or external consultants is sometimes required to apply the variety of disciplines needed to plan and oversee a BPR effort. While the team members are often chosen to supply some of this expertise, there also needs to be people who stand outside the team structure, who can act as (Eierman and Schultz, 1995):

- Coaches, who offer leadership, encouragement, and an experienced-based assessment of what it will take to make BPR happen
- Facilitators, who use proven tools and techniques to keep the change process running smoothly
- Visionaries, who can focus more freely on the future because they are experienced innovators and they have no stake in the past
- Experts, who have the skills and knowledge to conduct BPR
- Project managers, who have time, tools, and the experience to coordinate diverse, broad sets of corporate-wide activities
- Trainers, who can quickly instruct a company's staff in the day-to-day skills needed for BPR, such as mapping and simulation of the as-is state, using statistical improvement tools in process design and measurement in the new processes, and in creating the vision necessary to start the BPR effort and keep it focused.

Some of the strengths to look for in getting a well-qualified consulting firm that is right for the organisation are:

- A knowledge of, and experience with, the BPR process industry

- An understanding of the organisation and marketplace
- A track record for real innovation
- A flexible approach that ensures tailoring BPR to the organisation's unique situation
- The diversity and depth of staff experience in all cross-functional disciplines involved in BPR
- The willingness and ability to commit their senior consultants to work with the organisation's top managers on high-level projects
- A wide variety of effective BPR tools and techniques to apply, and experience in using them
- Experience in team-building and BPR project management
- International experience, if the organisation have or may want to have an international market operation
- Sensitivity to the effects dramatic change will have on the organisation's managers and workforce
- Expertise in both BPR and information systems reengineering
- Good 'chemistry' between the members of the organisations and the consultants.

2.2.11. Pay Attention to what has worked

The best BPR undertakings build on previous efforts and programs, especially those with a total quality focus. Other corporate efforts that have made people more receptive to change and more willing to experiment and challenge the definition of their work will make them more willing and able to engage BPR both philosophically and tactically. Organisations that have stressed teamwork and started to focus on processes rather than strictly on functions will have an advantage in a BPR effort. By understanding and studying the organisation's readiness to change is one way of assessing what has worked in the past in terms of making change happen. Throughout the duration of a BPR effort, it may be necessary to regroup because goals are not being met or a project is drifting off course. It is especially important at

such a point to build from the successes rather than tearing down the entire BPR infrastructure and starting from scratch. Paying attention to what has worked is important in these 'restarts' (Duffy, 1994).

2.2.12. Link Goals to Corporate Strategy

Corporate strategy must be the starting point for a reengineering effort because a strategic to-be vision given the company a consistent course. Strategic planning activities often reveal the need for dramatic change and may even immediately pinpoint the processes that need transformation. Organisations often take into consideration effort early on to understand what drives competitive advantage in a particular industry. However, the need for a BPR project is identified; its scope and direction need to support and link with the corporate vision of the future. Most organisations have a business strategy. Before BPR can be fully engaged, one must determine that the organisation's business strategy is explicit; forward looking; well understood throughout the organisation and viable, given the current and future market conditions of the industry the organisation is competing in (Hammer and Champy, 1993). In creating a context for strategy, if major aspects of the strategic plan are missing, filling the gaps is an important first step. A clear understanding of what drives competitive advantage and where the company wants and needs to go are critical elements of the BPR discussions. This understanding may be developed through customer research; competitive analysis; benchmarking; financial review; operation review; information management review; assessment of key performance indicators and organisational culture assessment (Harrison and Pratt, 1992; Chang, 1994; Furey, 1993). Mapping the core business processes is a part of the operational review for strategy alignment. Organisations need to first assess the core business processes and key support processes. It is most likely that the choices for processes to reengineer will come from these two groups, and if possible, from the ranks of core business processes. BPR is a complete process transformation, radical in nature that discourages bureaucratic structure in the organisation to core process specialisation (Siha and Saad, 2008; Ozcelik, 2010).

2.2.13. Listen to the 'Voice of the Customer'

As suggested by Hammer and Champy (1993), the customers are in control. From the end of World War II through the early 1980s, companies operated in a relatively easy demand environment. The market absorbed whatever products companies produced. That has changed. Now, production capacity exceeds demand, and customers push for quality and economy. Core business processes by definition connects with customers, as opposed to supporting processes, which can be completely internal. It is important to obtain meaningful customer input before deciding which process to reengineer. A good customer survey may aid to collect this data. Included in the questions should focus on a host of attributes such as quality, cost delivery, reliability and after-sales service and support. Equally important questions should be asked as to what is called the market parity requirements both current and future:

- What does a competitor need to be able to do for the customer today to be competitive?
- What will a competitor need to be able to do for a customer two, three or five years from now to remain competitive?

2.2.14. Select the Right Processes for Reengineering

In many instances the right process 'selects itself' as to the business strategy analysis and listens to the customers and potential customers. To fundamentally change work processes, organisations need to first define them and understand where it falls along the continuum of strategic importance (Hammer and Champy, 1993). The strategic continuum has four categories:

1. The most important strategic processes are identifying processes. These processes define the organisation to it, to customers and to investors.
2. Priority processes directly and significantly affect everyday performance.
3. Background processes are necessary for the business to survive in the long term.
4. Mandated processes carried out due to government or other regulations. Most account processes are regulated.

2.2.15. Maintain Focus: Do not reengineer too many Processes

The entire thrust of BPR is to conduct a rigorous analysis of which processes, usually core business processes but occasionally a key supporting process; will most cost-effectively increase the organisation's competitiveness. In view of the high risk to make major changes in these processes, it is imperative that an organisation's energy be tightly focused on reengineering only a few processes. It is suggested that the organisation should focus on three or fewer processes during each round of designing and implementing reengineered processes (Hammer and Champy, 1993).

2.2.16. Create an Explicit Vision of each Process to be reengineered

While many authors refer to the need to develop an ideal 'end state' for processes to be reengineered, Barrett (1994) suggests that the key to successful reengineering lies in the development of the vision of the process. The process vision characterises the new process by its attributes, which in turn suggests how process improvements will be carried out. The idea of a vision starts when the senior executives create a vision for the business, as it should be in the future. The process teams, with the help of the core BPR team that does the initial BPR analysis, create an explicit process vision for each process that will be reengineered. Finally the steering committee and top corporate executives check the process visions for consistency with the overall corporate vision (Barrett, 1994). The process of the vision describes:

- The new process' capabilities, as well as the expected performance improvements in time, quality, cost and service.
- How the new process will support the strategy, respond to the customer, and respond to the competitive challenge
- A process vision must include objectives for the new process, including targets that illustrate dramatic improvements, such as a cycle time reduction and a reduction in customer processing time and cost, and double customer service satisfaction measures.

Only when there is an explicit process vision based on fact-driven analysis can the executive steering committee give the explicit approval necessary for the reengineering the chosen processes.

2.2.17. Maintain Teams as the Key Vehicle for Change

It may be necessary to reconstitute BPR teams to some degree or to add teams. Once the processes to be reengineered have been chosen, it is time for BPR teams well versed in the particular processes to 'roll up their sleeves' and go to work. Membership of these reengineering teams needs to be cross-functional. The chosen members should work in the most important parts of the process, and among them should all the necessary skills and backgrounds required for the project. Team building and team training is imperative. The diversity of team members and the need for parallel development require superior teamwork; achieving this is the first task that engages in BPR, usually led by an experienced facilitator. Members build their team by clarifying goals and expectations and agreeing on a set of rules for team conduct. Reengineering team is your single most valuable resource in a BPR effort. A poorly coordinated team will result in major delays and problems. Investing in good teamwork is money well spent (Earl et al. 1995). As mentioned earlier the detailed literature discussion below deals with team development, which incorporates other aspects of teams.

2.2.18. Urgent understanding of the 'as-is' processes to be reengineered

Cypress (1994) suggests that the tools of operational method studies are ideally suited to the reengineering task, but they are often neglected. Evidence suggests that these concepts have been incorporated into tools such as Integrated Definition Method, Data Flow Diagrams and the Object Oriented Analysis (Yu and Wright, 1997). This is the central information-gathering step in the reengineering phase of the BPR effort. In the early phase, a high level process map was done by all major business process to help select processes for reengineering. In this phase, it is

important to get a more detailed understanding of the few processes that have been chosen for reengineering. It is important to understand the process boundaries, what is in the process, and what is outside. These boundaries are determined by the top executives, who give directions to the teams. The design parameters will govern the organisations decisions about reengineering alternatives. Knowing and understanding the design criteria of the organisation will assist to determine how detailed the process mapping needs to be. Process maps should be detailed enough to break a process down into more manageable units for teams to work on redesigning. Even if many activities within the as-is process are to be eliminated in the reengineering, it is important that the map identifies those activities. Knowing the resource utilisation of the as-is process helps in doing cost/benefit analysis of alternative reengineering options (Hammer and Champy, 1993).

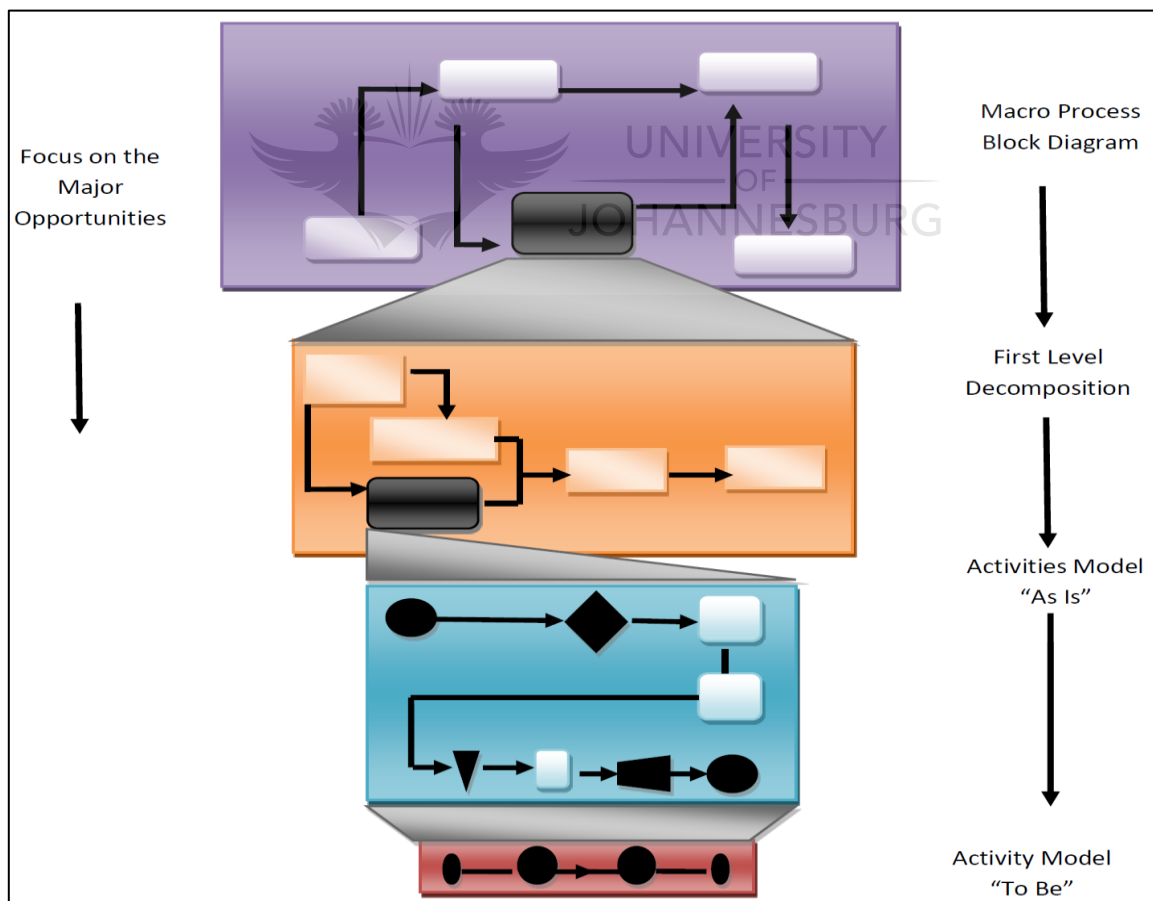


Figure 2.2 Creating Process Maps that rolls up (Adapted from Yu and Wright, 1997)

As illustrated in the Figure 2 above, the organisation can create a set of process maps that 'roll up.' The complexity of the process being mapped may be instrumental in the organisation's decision as to what kind of process mapping technique to use – from a simple process flow diagram to complex, three-dimensional computer-based process modelling. Since the goal of reengineering is to simplify processes, it is important to describe the to-be process by means of a rather simple process flow diagram.

2.2.19. Choose and Use the Right Metrics

Designing the process right means designing a set of metrics to use during the implementation to make sure that the process continues to work the way it should. These metrics measure process performances, can be captured in the management information system (which may itself be transformed through BPR), influence the correct behaviour among the employees who work in the processes being reengineered. Process measures should include factors such as quality, service, time and cost. Any functional measures that remain should not be in conflict with these process measures. The difference between process metrics and traditional metrics is that traditional metrics is based on a model of input, of which activities at a functional level are carried out an individual, which results in output. Process metrics focus on the output of the teams and team members, on the way team activities and process performance enhances customer satisfaction and corporate competitiveness through improvement in quality, time, service and cost. The basic equation of process measurement shows that if quality and service are increasing, while cost and time are decreasing, customer satisfaction and the organisation's competitive position should be getting better (Chang, 1994; Vantrappen, 1992).

2.2.20. Understand the Risks and Develop Contingency Plans

There are two types of risks, technical risk and organisational risk. One technical risk is the risk that the organisation will reengineer a core process and implement the reengineered process and it will not work as intended. Another technical risk is that

while the organisation is implementing the reengineered process, on-going business will be disrupted to such extent that will have deteriorating relationships with key customers. By far the greatest organisational risk in BPR effort is cultural pushback. This means a reaction against the changes as being antithetical to the corporate culture. Although people have become aware of the effort, and have been engaged in communication during the planning and reengineering phases, when the actual implementation begins and the changes become evident, they can be unnerving. When cultural pushback occurs and become strong, strong action from leadership may be demanded. Reengineering projects have been introduced and evolved in different companies with different responsibilities over the past decades. However, Darmani (2013) advocates that the risk associated with these projects are inevitable and possible a huge obstacle in the way of their implementation. The study contributed in this context by proposing a new methodology for selecting suitable processes and adopted best practices candidate for business process reengineering (BPR). (Darmani, 2013).



2.2.21. Have Plans for Continuous Improvement

An unmonitored process decays in performance. Without good performance measures and management attention, gains often unravel until the organisation once again finds itself fighting an uphill battle to become competitive. One way is to strictly maintain a status quo of the new process, holding onto the gains for as long as possible. The other is to encourage continuous improvements. Continuous improvement is thought of as small teams of employees who routinely enhance the operations they work in. However, that is only part of the approach. Continuous improvement is actually the shorthand for a style of quality management built around the goal of raising customer satisfaction through continuous process improvement (Deming, 1982). Quality is not only referred to as quality of products and services, but also productivity, efficiency, working environment, safety, ethics, corporate responsibility to the community and every other value of any organisation. While the goal of BPR is to first find the right processes, and then determine how to do the right

process right, the goal of continuous improvement is to do the right process better (Deming, 1982).

2.3. The Role of Leadership

The lack of dramatic change is one of the major challenge facing organisations currently. Reengineering has become an alternative tool for providing new working conditions. The reason for this situation is due to senior management not having a clear vision of what the BPR effort intends to achieve, or how to gauge or monitor the success of the programmed objectives (Graham, 2010). Throughout the BPR effort, support and commitment from executive management is critical. In the trust environment, the evidence from the survey would reflect the level of support and importantly, the commitment from management that is required. The involvement of top management is essential for a BPR effort to be successful. Since research has shown that changes bring about resistance and in view of the limited changes that have taken place within the area of focus, staff may need management to play the role of change agent. Corporate executives cannot be change leaders until they have committed to the change themselves. Once they have accepted the need to change, they then need to win over every member of the organisation to accept and focus on the change. Successful change management requires their continued action as champions, role models and overseers of change. Their active involvement may include chairing a steering committee or participating on it, attending ceremonies where employees are rewarded for their adherence to the new behaviours, continuing to communicate in large and small forums, and visibly adopting the new behaviours being asked of everyone in the organisation, such as participative management, focusing on processes and making fact-based decisions.

Fiedler (1967) insisted that leadership be a unique and deterministic factor enough to define a success or failure of an organisation. Koontz and Donell (1959) defined leadership as the skill or the process where they voluntarily tried for the goal of an organisation and to have influence on the team members. Hersey and Blanchard

(1993) maintained that leadership is a process of influencing the activity of an individual or an organisation in order to accomplish a goal in a fixed situation. Bass (1990) stated that leadership is an activity that presents and pronounces a vision and also diversifies team members, which enables team members to accomplish a goal. He also expressed the point of view toward leadership defined by many scholars as an action with the technique, in which it induces an accommodation of the synthesis of many elements. Most leadership research is concerned with a complicated relation including leaders, subordinates, situation, etc. After all, it merits consideration that effective leadership is an ability to grasp the environment, which surrounds the characteristics of a leader, leadership type, and the characteristics of team members. Research about this kind of the leadership not only presents various attitudes, but also classifies behavioural and situational theories in accordance with access methods applied. For ease of reference, the styles listed may be substituted for the expressions “boss-centred” and “employee-centred” used by Tannenbaum and Schmidt in their classical leadership continuum shown in Figure 1 below. The verbal descriptions and relationship between authority and freedom found in Figure 2.3 give a rough representation of the characteristics of the various styles of leadership. Importantly, as shown in the contingency and contextual theories, both sides can be effective (Lussier and Achua, 2009).

One thing is certain, leadership style can make a difference, both positively and negatively. A survey, found that senior executives view their companies' leadership styles as pragmatic rather than conceptual, and conservative rather than risk taking. These same executives felt that to meet their current and future challenges, the styles should be the other way around (Waldman et. al., 2001). In contrast to the leaders in the classical bureaucracies, leaders of today's organisations, according to Joseph White (1994) must be more entrepreneurial; more accountable, customer-, process- and results-focused; biased toward action; empowering; communicative; technologically sophisticated; innovative and continuous improvement; strong in the use of guidance, suggestion and influence, sparing in the use of pure authority. Obviously, other descriptive terms of effective leadership can be added to this list,

especially in time of an economic crisis (David, 2001) or in times where a more quiet, antihero approach is more effective.

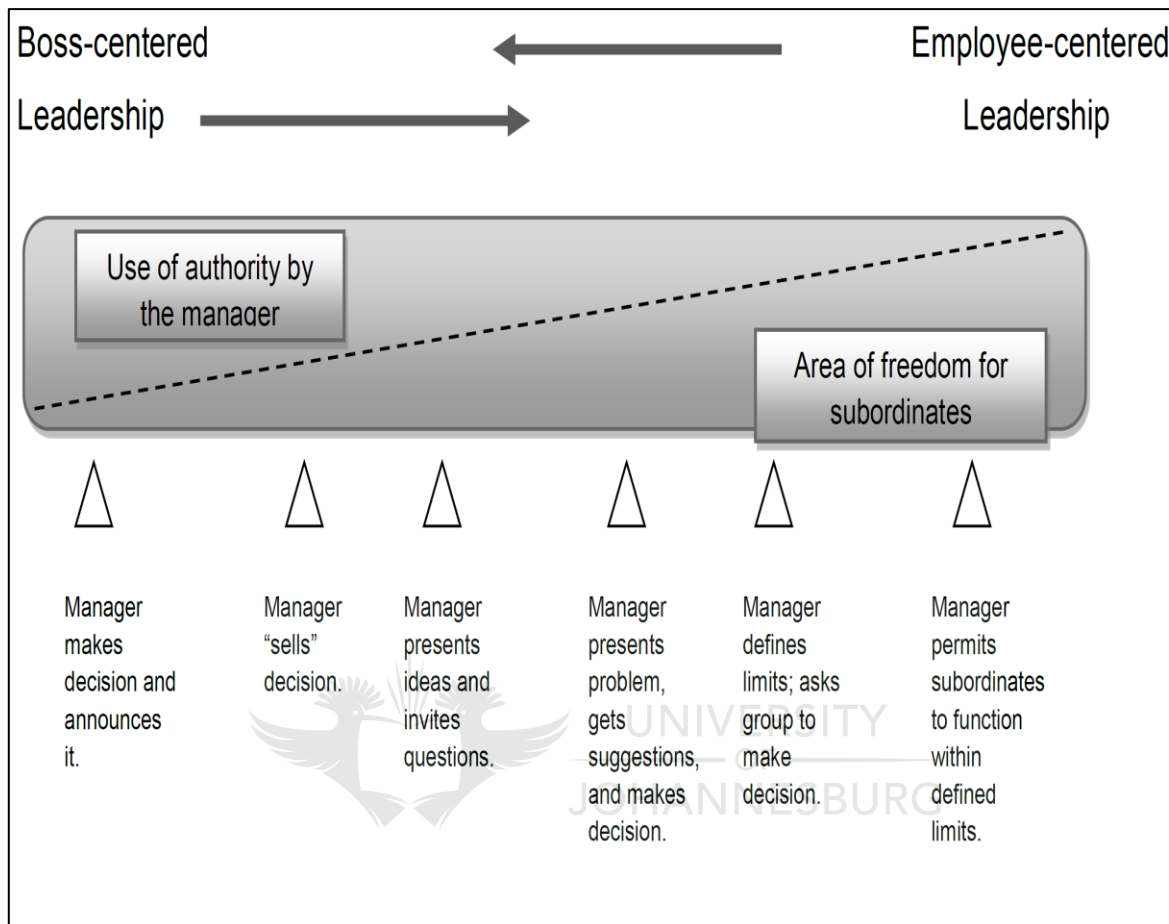


Figure 2.3 The Tannebaum and Schmidt Continuum of Leadership Behaviour
(Adapted from Lussier and Achua, 2009))

2.4. Communication

Communication is important to obtain buy-in from employees at every level for the changes that will be necessary to reengineer processes. BPR call for the development of a communication plan, which is critical in the early phases; the right media need to be chosen and the basic messages are to be developed. It is therefore imperative that there should be a strong leadership presence to support the change to

improve efficiencies. Carr and Johansson (1995) suggest a good change management plan should include:

- Assessment of change management environment
 - Cultural climate
 - Barriers to change
- Training
 - Identify skills, gaps and training needs
 - Develop training materials and workshops/classes
 - Schedule and conduct training workshop/classes
- Communication
 - Identification of the audiences
 - Translation of the vision, plans, and activities into messages
 - Develop communication approach
 - Selection of messages and media/vehicles
 - Communication developments, changes and status
- Development of objectives and milestones (Carr and Johansson, 1995)

2.4.1 The Definition of Communication

Communication can be defined as the exchange of information and meaning by two or more people. Communication is a fundamental social process because it is only through communication that one establishes relationships with other people. The term communication is freely used by everyone in modern society, including members of the general public, organisational behaviour scholars and management practitioners. Most definitions of communication used in organisational behaviour literature stress the use of symbols to transfer the meaning of information. One analysis stresses that communication is the understanding not of the visible but of the invisible and hidden. These hidden and symbolic elements embedded in the culture give meaning to the visible communication process. Of equal importance, however is the fact that communication is a personal process that involves the exchange of behaviour and information. Today, this personal process is not just face-to-face, but is increasingly

carried out electronically through social media (e.g. Facebook, Twitter, and MySpace) blogs, texting, mobile phones and electronic mail (e-mail). Ivancevich and Matteson (1993) noted that communication among people does not depend on technology but rather on forces in people and their surroundings. It is a process that occurs within people. This personal perspective of communication has been made clear by Nickerson (1999), who has found that many people tend to assume that the other person has the same knowledge that they do, and they communicate on this basis. The result is often a breakdown in communication.

2.4.2 The Communication Process

As illustrated in Figure 2.4, communication begins with the feelings and ideas of the sender. The intent often being the focus of the idea and suppressed feelings, but feelings frequently leak into the conversations. The content of the message could be “I like your work!” However, depending on facial expression, tone of voice and posture, a different message could have been communicated. In the second step in the communication process is the encoding of the sender’s thoughts and feelings, which means that they are put into words. At this point a breakdown could occur if the sender and receiver speak different languages. Communication problems could also result from differences in backgrounds of the sender and the receiver. Once encoded, the message is transmitted through a medium.

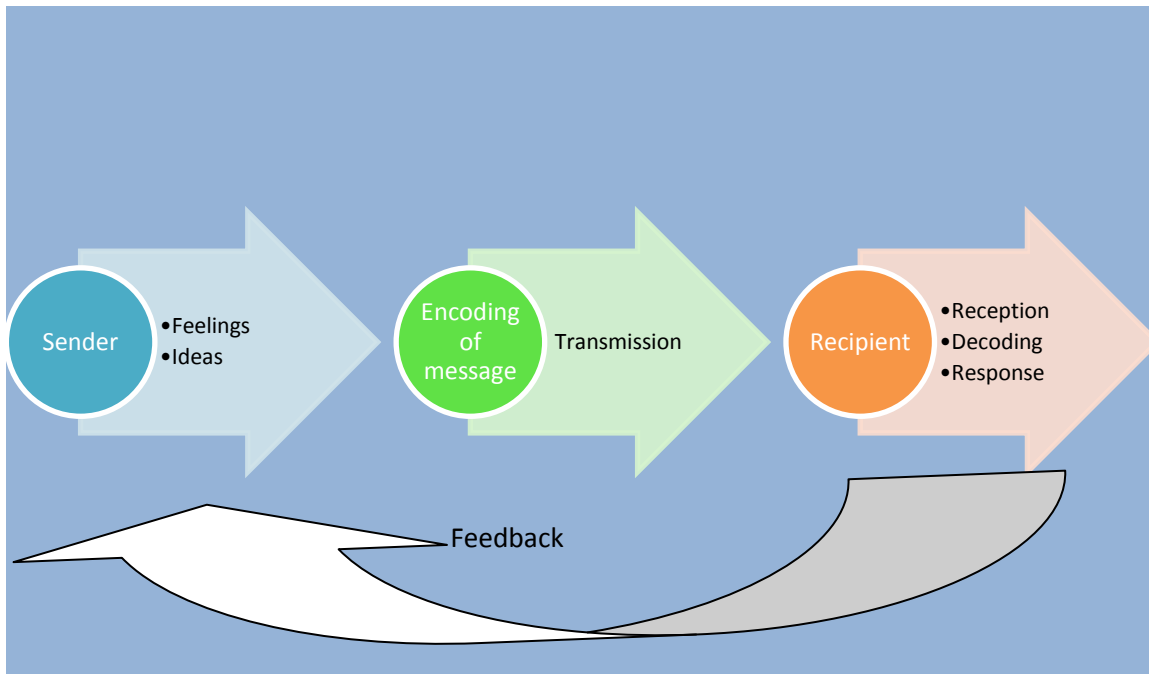


Figure 2.4: The communication Process (Adapted from Bergh and Theron, 2009)

Filtering and distortion also appear to increase as the size of a group increases. With large groups, communication can fail not only because there are more people through whom the message must pass, but also because there is less overall participation and more dominance by few members. An important step in the communication process is the receipt of the message. Misunderstanding can occur owing to physical barriers, information overload or psychological state of the receiver. The receiver can also decode or interpret the message differently to what the sender intended.

The next step in the process deals with how the receiver behaves in response to the message. The failure to respond as intended might or might not represent a communication problem. Lack of ability, knowledge and/or motivation could be the cause. The final step is feedback, which is crucial to improving communications and avoiding breakdowns. Feedback provides information on the consequences of the message to the sender. This could be acknowledgement by the receiver that the message has been interpreted correctly, or evidence that the receiver has behaved as requested. To ensure that effective feedback in the communication process takes

place, the receiver should feel free to ask questions and give comments. Without feedback a sender can never be certain that the message has been received and interpreted correctly.

In addition to being a personal process, communication has other implications. A communication expert emphasizes the behavioural implications of communication by pointing out that the only means by which one person can influence another is by the behaviour he or she performs - that is, the communicative exchange between people provides the sole method by which influence or effects can be achieved (Fisher, 1994). In other words, the behaviour that occurs in an organisation is vital to the communication process. This personal and behavioural exchange view of communication takes many forms. Interpersonal communication represents that middle ground between electronic media and information technology on the one extreme and nonverbal communication on the other. Thus, at the heart of organisational behaviour is interpersonal communication.



2.4.3 Interpersonal Communication

In interpersonal communication, the major emphasis is on transferring information from one person to another. Communication is looked on as a basic method of effecting behavioural change, and it incorporates the psychological processes (perception, learning and motivation) on the one hand and language on the other hand. However, it must be noted that the explosion of advanced information technology is also having an impact on this human interaction process. As noted by Yates and Orlikowski (1992), human communication has always been central to organisational action. Today, the introduction of various sophisticated electronic communication technologies and the demand for faster and better forms of interaction are visibly influencing the nature of (interpersonal) communication. Thus, listening sensitivity and nonverbal communications are closely associated with interpersonal communication.

2.4.4 Effective Team Communication

The effectiveness of a team is dependent on the type of communication structure in the organisation. This will determine the channels of communication available for group members, how group members communicate and to whom, and the type of feedback from management on aspects such as performance, roles and decision-making. Possible communication patterns can occur in groups (Bergh and Theron, 2009) as illustrated in Figure 2.5.

- The wheel is a centralized network, implying that one individual, in this case member A, occupies the central position in the network and distributes and receives all information to and from members of the group. The member alone solves problems and makes decisions. As a rule, such a network conveys information speedily and accurately, but group morale, as determined by satisfaction of members is low. Members B, C, D and E are dissatisfied because their communication with one another is limited and they are prevented from joint participation in decision-making. The central Figure, member A, enjoys most satisfaction because of the greater influence and leadership bestowed upon him/her in this position. Wheel patterns are associated with autocratic leadership.
- The chain is another centralized network, though to a lesser extent than the wheel. The central person, member A, communicates with two other people, members B and C, who distribute information to members D and E. Feedback between members B and E and between C and D influences A's decisions. Communication is fairly rapid and accurate in such a communication network, but, again, morale is low since not all group members have an equal say.
- The circle is a decentralized network in which all members receive all available information and are in an "each-to-all" relationship. Information is disseminated rather slowly in such a network and conveyed inaccurately, owing to the distortion by group members. However, morale is high since all group members are equally involved in decision-making.

- In the all-connected system cohesion can be high and everyone communicates. However, owing to possibly too much communication, time loss and lapse in production may result, while leadership roles could be obscured.

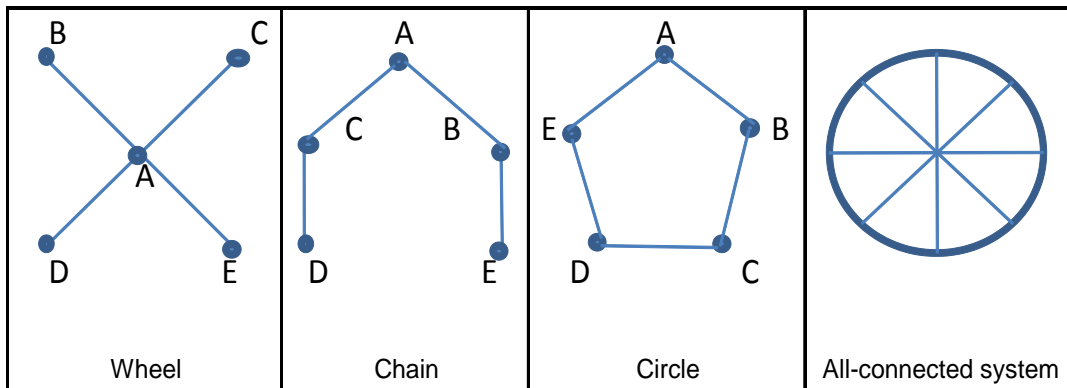


Figure 2.5 Possible communication patterns in groups: (Adapted from Bergh and Theron, 2009)

An effective communication during a change effort should include the following considerations:

- It is impossible to use too much communication
- Simplify the message, no matter how complex the issue. Keep follow-up as simple and understandable as the initial message
- Anticipate the issues and communicate the position early
- Do not underestimate the technical requirements of a communication project. For complicated projects, a full-time communication manager may be required
- Involve top management in delivering the message
- Identify and know the audiences. Select the right message and media for each.
- Honesty is the best policy. Tell the truth.

As stressed above, communication is the key process for any team attempting to improve quality and team effectiveness. Steering committees communicate priorities to employees. Members of problem-solving teams communicate among themselves and to their internal and external customers. Three times every day in various

hospitals, mines and manufacturing plants, teams of nurses, miners and machine operators explain to the next shift what has happened in the last eight hours and what needs to be done in the next shift. The quality of this communication can dramatically affect the performance of the team on the next shift. The communication process can be improved by carefully assigning people to key communication tasks and training people in communication.

2.4.5 To Overcome Communication Failures

Communication is also of vital importance to leaders. Efficient communication is needed in order to facilitate the delivery of vision (Larwood et al., 1995) that is a core element to a leader as well (Harris, 1998). Given that the relation of the team communication and team performance were looked into, even if the team communication protocol was standardized and an adjustment and coordination of the team tasks were improved and yet there was no standardized protocol, Kanki and Helmreich (1993) observed that the team performance was not effective. Furthermore, errors from improper information or a failure to transfer exact information are known to be the major reasons for errors. The following are the error patterns of this kind relating to information transfer.

- Errors of message delivery
- Problems of language
- Errors of message receipt
- Problems of delivery medium

They can be classified into social factors, cognitive factors, and organisation/structural factors, which have effects on mutual communication between team members. In the case that an organisational structure is overly configured as structural factors because the speed of a communication becomes slow and noise occurs, it would be difficult to increase speed, enhance accuracy and secure the validity of an organisation. Researches of the communication on the inside of

organisations, the performance improvement and positive organisation outcomes of the team members are important elements (Argenti, 1998).

Therefore, the importance of feedback cannot be overemphasized because effective interpersonal communication is highly dependent on it. Proper follow-up and feedback require establishing an informal and formal mechanism by which the sender can check on how the message was actually interpreted. There is even research evidence that a graphical feedback format has a more positive impact on performance than does a strictly tabular, numerical feedback format (Atkins et al., 2002). In general, feedback makes communication a two-way process and is a big problem with much of e-mail communication that turns out to be only one-way. As electronic communication becomes more interactive, such problems can be overcome. There is continuing research evidence that feedback not only improves communication but also, in turn, leads to more effective manager/leader and organisational performance (Smither et al., 1995; Kluger and DeNisi, 1996; Maurer and Palmer, 1999). Within a BPR effort continuous feedback contributes positively to successes. People outside the implementation teams are also involved by communicating their feedback, which achieves a greater buy-in.

2.5. Human Capital - Team Effectiveness

One of the important elements of BPR is that it requires teams and not groups of people to identify the optimisation of core business processes; assess the empowerment and involvement of staff; and the efficiency and effectiveness of the current system; requires a team to express their ideas, participate unequally yet as a team make decisions towards improvements. The diversity of team members and the need for parallel development requires superior teamwork. Achieving this is the first task of a team that engages in BPR.

2.5.1 The Definitions of Teams

In recent years, the technical literature has begun to focus increasingly on independent team configurations, such as self-managed teams and empowered-teams. In reviewing literature on different aspects of teams it was deemed necessary to seek and provide definitions of terms in order to understand the concepts, contents and processes. A variety of texts, business and management debates employ a wide variety of terms to describe this topic, such as work teams, self-directed work teams, teams in the workplace, work groups, self-directed work groups, self-managed teams and management-employee participation. This variety of terms has opened up much interpretation to the concept.

As nearly all of the literature begins by defining teamwork there is an abundance of definitions. Although most of the definitions express a common understanding, it is fitting that a few definitions be summarised for the study. Teams have variously been defined as presented hereunder:

- A team is a form of group, but has some characteristics in greater degree than ordinary groups, including higher commitment to common goals and a higher degree of interdependency and interaction (French and Bell, 1995).
- A team is a group of individuals who depend on one another to accomplish a common objective. Teamwork is work done by members, all subordinating personal prominence for the good of the team (Recardo, 1996).
- A small number of people with complementary skills who are committed to a common purpose, performance goals, and common approach for which they hold themselves mutually accountable (Chang, 1999).

The following elements of Chang's (1999) definition will be discussed in order that the characteristics gain prominence.

- A small number: There are differing views from theorists in terms of how small the team should be. Recardo (1996) indicated that a small number is anywhere from two to twenty-five members, with between five and nine as manageable and optimal. If the number goes above nine, communication tends to become

centralised because members do not have an adequate opportunity to speak to each other. If the group size goes over nine, extra time and effort are required to ensure good communication. Rees (1991) found that few successful teams were composed of more than twenty-five team members. It was noted by French and Bell (1995) that with small groups, it is much more difficult to pass ownership around. Group dynamics being what they are, groups of say, thirty or more, tend to break themselves down into smaller groups.

- Complementary skills are one other key ingredient of teams. They involve people with skills that complement one another as they work towards their common goals. Complementary skills provide synergy when the team is diverse and various ideas and multiple skills are combined. If the team is composed of like individuals, a congenial groupthink sets in, which limits the number of solutions for creative problem-solving (Fisher et al., 1998).
- Common purpose is the driving force of teams. The team must develop its own purpose. This purpose must be meaningful and must have ownership by everyone, as individuals and as a group. A team constantly revisits its purpose, making it more relevant as the team develops, which is sometimes referred to as agendas. Hidden agendas may prevent the group from turning into a team. This is because their emotions and motives are hidden under the discussion table.
- Performance goals are the acting, moving and energising force of the team. Specific performance goals are established, tracked, met and evaluated in an on-going process.
- Common approach is the way members agree how they will work together. Many teams have developed their own charter or set of rules that outline the expected behaviours of members. Members often assume roles in order to keep the team process moving.
- Mutually accountable is the aspect of teamwork that is usually the last to develop. It is characterised by taking ownership and sharing the team's outcome.

BPR is a team-based undertaking, where plans and implementations are broken down and assigned to individual teams. As mentioned earlier, BPR have four main teams with roles and responsibilities. Developing high performing teams instead of having groups of people working together leads to a successful BPR effort and will also foster a competitive advantage.

Further, self-directed work teams have been defined by Fisher (2000) as “groups of employees who have the day-to-day responsibility for managing themselves and the work they do with minimum amount of direct supervision. Members of self-directed teams typically handle job assignments, plan and schedule work, make production and/or service related decisions, and take actions on problems.” With self-managing teams, day-to-day control, responsibility and decision-making are devolved to front-line employees and the traditional supervisors’ role changes to team coach. More recently self-managed teams have been adopted in domains as diverse as health care, power generation, the prison services and other industries (Levi, 2001).

For the completion of definitions, team building is another aspect we consider with regards to the organisational development intervention:

- “Team building is the process of helping a work group become more effective in accomplishing its tasks and satisfying the needs of group members.” (Huse, 1980 cited in De Meuse and Liebowitz, 1981)
- “Team building is an intervention conducted in a work unit as an action to deal with a condition (or conditions) seen as needing improvement.” (Dreyer, 1997)
- “Team building is a process by which members of a group diagnose how they work together and plan changes which will improve their effectiveness.” (Beer, 1980)

The ambiguity of these conceptual definitions highlights the fact that team building represents a different concept to different people. However there is agreement that team building is a process aimed at improving the performance of a group. As such it is a widely-used intervention based on a well-established socio-psychological concept

that has been developed within the business context (Argyris and Schon, 1978; Kolb, 1984). Achieving the outcome of effective teamwork is not a discrete process, but an on-going dynamic one. An important contribution is made by Glaser and Glaser (1992) who conclude that effective teamwork has taken place when a group is able to consistently reach whatever vision it has created, the mission it has defined, or the goals it has set.

2.5.2 Team Effectiveness – Learning Strategy

Team effectiveness is not only expressed by the quality of team outcomes, but also includes the quality of the team's performance, as well as the perceived satisfaction of the needs of individual team members (Hackman, 1990). However, team effectiveness not only depends on task characteristics and shared intentions, but also on factors, such as team formation, team members' abilities and characteristics, role assignment within a team, decision making strategies of teams, team leadership, and interdependency. Cognitive ability of team members appears to positively affect team-learning (Ellis et al., 2003), but learning teams usually are not composed on the basis of differences in the cognitive ability of the team. The assignment of functional roles to team members tends to increase the effectiveness of learning teams (Strijbos et al., 2004) for assigned teams, at-random formed teams and student-led formed teams (Wang and Lin, 2007). Team effectiveness can partly be predicted by the team members' social skills and personality characteristics (Ellis et al., 2003; Halfhill et al., 2005; Morgeson et al., 2005).

Teams are also more effective if team members show commitment toward the team (i.e., the process) and towards the task (i.e., the product) (Hirokawa et al., 2003). The role of leadership in learning teams or problem-solving teams is unclear. Some researchers have found negative effects of leadership on team performance if learning and/or problem solving is the goal (Kayes, 2004) while others report positive effects on team efficiency in teams having appointed a leader or coordinator/planner

(Strijbos et al., 2004). Finally, team effectiveness was found to be enhanced when positive interdependence is strong (Katz-Navon and Erez, 2005).

Although learning-team effectiveness is influenced by many of these factors in both contiguous (i.e., face-to-face) collaborative learning as well as in computer supported collaborative learning, effects vary greatly according to contextual characteristics of a learning practice. There is a need for insight in the underlying factors that influence team effectiveness and how these factors are related to each other; regardless of the context of the learning practices. Establishing what these factors are offers opportunities to train learning teams on effectiveness before starting or during the start-up phase of a learning practice. As a result, effectiveness might improve both quantitatively and qualitatively. Existing frameworks on team effectiveness developed in the context of work teams in organisations are therefore not fully applicable for learning teams. A conceptual framework for learning teams collaborating in either a face-to-face or online way, based on those work team-effectiveness models, must be developed.

The organisation portrayed as a learning system is not new. In fact, at the turn of the last century Frederick W. Taylor's learning on scientific management was said to be transferable to workers to make the organisation more efficient. However, the beginning of today's use of the term 'learning organisation' is usually attributed to the seminal work of Chris Argyris and his colleagues, who made the distinction between the first order, or the "single-loop" and the second-order or "double-loop" learning (Argyris, 2002). The differences between these two types of learning applied to organisations can be summarized as follows:

- The single-loop learning involves improving the organisation's capacity to achieve known objectives. It is associated with routine and behavioural learning. Under single-loop, the organisation is learning without significant change in its basic assumptions.
- The double-loop learning re-evaluates the nature of the organisation's objectives and the values and beliefs surrounding them. This type of learning

involves changing the organisation's culture. Importantly, double-loop consists of the organisation's learning how to learn (Ulrich, 1998).

Generative learning involves creativity and innovation, going beyond just adapting to change to being ahead of and anticipating the change (Gilley et. al., 2002). The generative process leads to a total reframing of an organisation's experiences and learning from that process. Figure 2.6 below shows the three major dimensions or characteristics of learning organisations. The tension stems from the gap between the organisation's vision (which is hopefully always being adjusted upward) and reality and suggests the learning organisation's continuous questioning and challenging of the status quo.

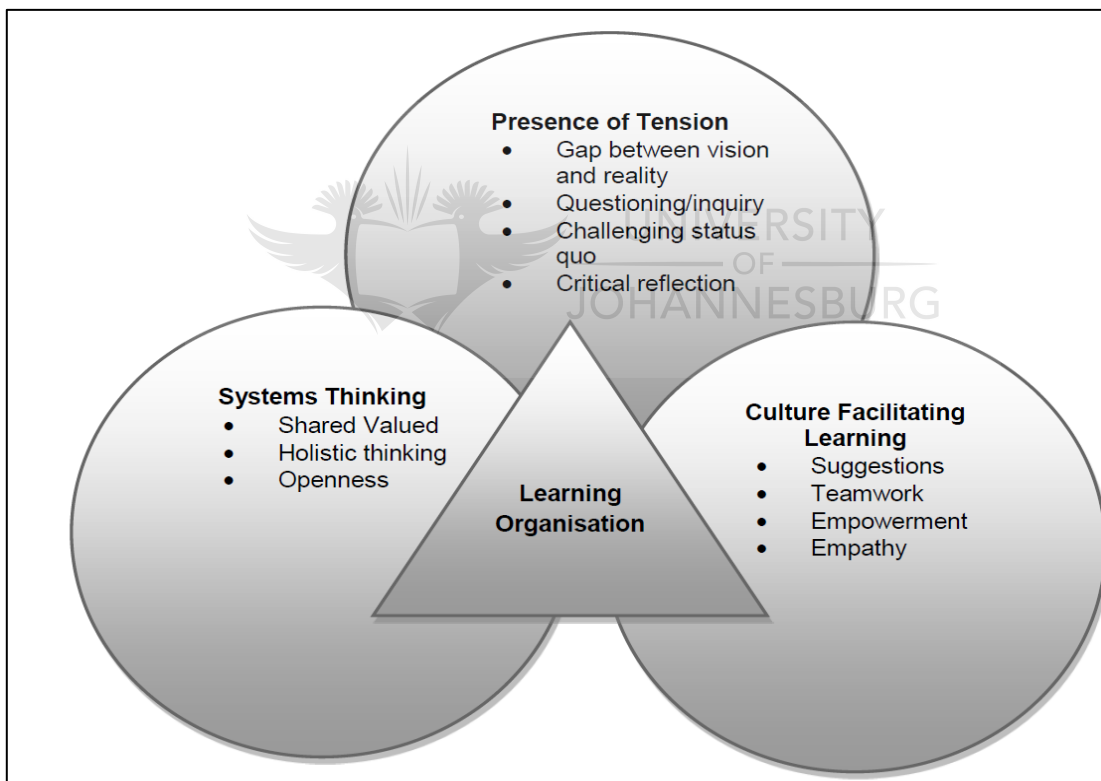


Figure 2.6 Characteristics of Learning Organisation (James, 2002)

The system characteristics of learning organisations recognise the shared vision of employees throughout the whole organisation and the openness to new ideas and the external environment. The third major characteristic shown is an organisational

culture conducive to learning. The culture of the organisation places a high value on the process of learning and goes beyond lip service by setting mechanisms in place for suggestions, teams, empowerment and most subtly, but importantly, empathy. This empathy is reflected by the genuine concern for, and interest in, employee suggestions and innovations that can be facilitated through reward systems.

2.5.3 Team Performance

The team performance can be determined in the outcome or achievement of a task and classified into individual and/or team performance according to the level of valuation. An important point of team performance is that cooperative aspects can be strengthened while accomplishing the common goal and synergistic effects can also be created. That is, the team performance, not just individual performance, carries more meaning than has been previously recognised. As to the definition of team performance, Argyris (1962) measured a performance as a rate of output per input. Georopoulos and Tannenbaum (1957) mentioned that team performance is when an organisation achieved its goal without unjust coercion about the waste of resources and organisational elements. Initial studies about team performance focused on how the input elements (e.g., team organisation and task design) affected the output elements (e.g., team performance and team satisfaction). The research about the interaction, in which it shows up between team organisations, was relatively insufficient when the team accomplished a task (Cohen and Bailey, 1997). However, the interaction, in which it shows up between team organisations, that is, the research about the team process, has actively been accomplished recently.

The team performance research was approached based on a theoretical frame of the 'input → process → output'. It is concerned with the process as a member or team and with the characteristics and mechanism in which it mediates the team characteristics of an organisation (Marks et al., 2001). The team process as an intermediary means a communication among team members, leadership, and so forth. It refers to a team skill or a teamwork element. The team skill relates to a

function of the team with the element necessary in the process of achieving the team performance.

2.5.4 Team Process and Types of Teams

The significant aspects of the team process were emphasized by many researchers. However, a definition regarding the team process concept was not clearly presented. There were various factors that gave satisfaction to team members. Barczak and Wilemon (2001) described the characteristics of a team as the factors in which they cause an effect in the satisfaction of team members. The positive features, like sharing the goals of a team, further increase the satisfaction of the team. Team members may put more effort into attaining their shared common goals.

Katzenbach and Smith (1993) developed thought in this area through their model of the team performance curve (see Figure 2.8 below). They define teams as follows:

- Working groups: Individuals interact to share information but there is no requirement to work together to achieve performance goals
- Pseudo-teams: These are teams in name only, who could benefit greatly from closer association and shared development. Attempts at coordination of efforts are viewed as distractions to individual goals that as a result, reduce the efficiency of the team.
- Potential team: These teams recognise the importance of their joint effort to achieving goals and are genuinely attempting to improve performance. If problems are overcome they will develop but if not, they may regress to pseudo-teams.

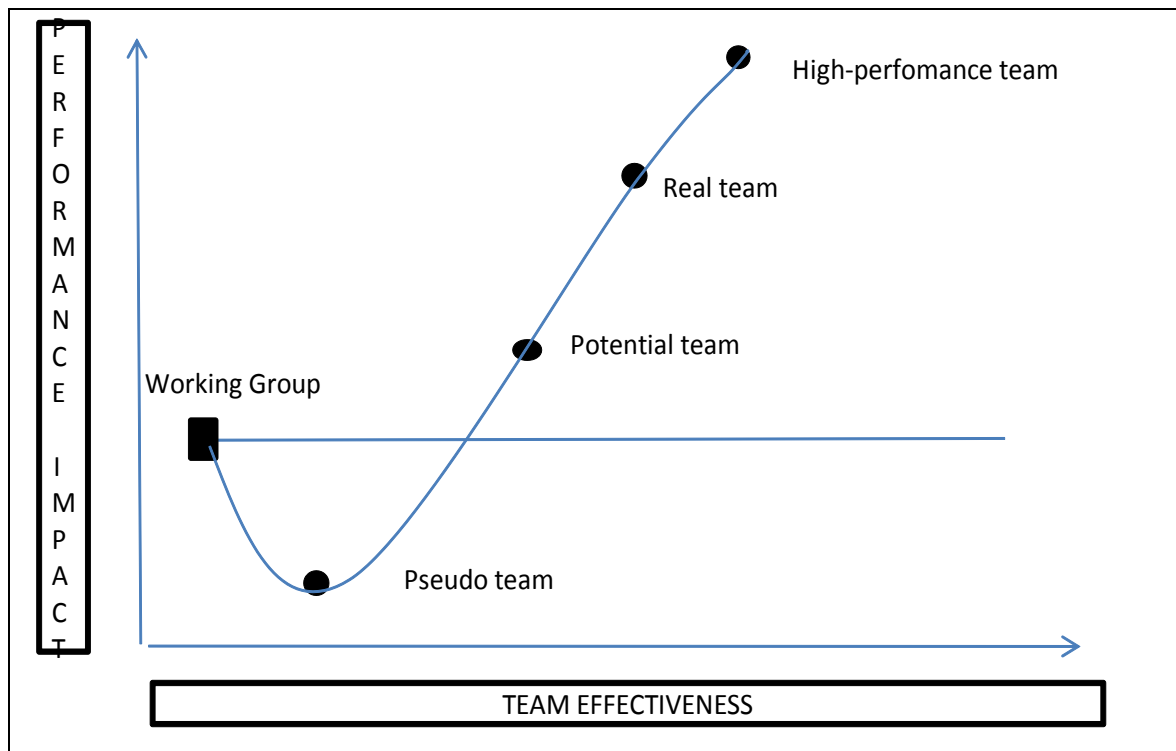


Figure 2.7: The Team Performance Curve (Adapted from Katzenbach and Smith, 1993)

- Real teams: These teams are committed to common purposes and goals.
- High performance teams: These teams meet all the requirements of real teams and in addition show commitment to the personal growth of members.

The above model is useful in assisting organisations in deciding if the level of team building required is appropriate to the context in which it is being considered. It is particularly useful that when questioning whether it is necessary to invest in developing a group to become a high performing team, if the task with which they are involved requires minimal interaction in order to achieve satisfactory results.

2.5.5 Conflict and Cooperation

Conflict in a group occurs when group members have different goals or when they disagree on how to achieve goals. While diversity in a group can stimulate creative

ideas, it can also lead to conflict. Conflict can be destructive in a group if not managed correctly. Conflict can emerge because of the organisational context, task interdependence, goal and reward structure, competition for scarce resources and communication obstacles. Perhaps the most fundamental factor in causing conflict is the extent to which the successful performance of one person or unit depends on another, breakdowns on cooperation can easily escalate into conflict, but when task interdependence is low, conflict is less likely. Whether conflict occurs in a team or organisation depends to a large extent on the formal goals defining task achievement and rewards given to people for their performance:

- A cooperative goal structure positively links the goals of team members, so that one person's goal achievements are beneficial to the achievement of other members' goals. In an individual goal structure, there is no correlation.
- In a competitive goal structure, individual members cannot attain their goals unless other members fail in theirs

As in goal structures, people can be rewarded individually for their collective efforts (cooperative rewards), their individual performance (individual rewards), or on a winner-takes-all basis if such outcomes have been negotiated or agreed on (competitive rewards). Competition is not the best approach if the parties involved have to cooperate to complete the job. Competitive reward systems can have a harmful effect on performance of a group's tasks. Research has supported the argument that better results are obtained from cooperative reward systems than reward systems that encourage competition (Laughlin, 1978). Imposing cooperative goal structures is also more effective than imposing individual goal structures. In a situation in which cooperation is important to performance, competitive or individual bases can encourage competition that detracts from effective performance. In contrast, if the task does not require cooperation, competitive and individualistic rewards might serve as a boost to performance. Another source of conflict is communication misunderstanding occur to an inability to communicate or access communication channels, as well as from communication barriers, poor listening

skills, and language and cultural differences. A situational awareness and collaboration level of team members are important elements in that they can have an influence on team performance. Moreover, since the collaboration of a team is closely related to the team process, the collaboration level of the team is determined according to the team development (Tuckman, 1965). Research suggests that cooperation promotes productivity in certain situations. This is true when tasks are complicated and requires coordination and sharing of information (Laughlin, 1978). However, with simple tasks, competition has proven to be more effective than cooperation, as it provides stimulation and recognition. Therefore, it can be said that competition can be effective between groups where information and resources are not shared.

2.5.6 Trust and Ethics in Team Behaviour

When people trust each other, they are more willing to share information and collaborate with each other. Trust as a characteristic is present in high-performance teams in which members believe in one another's characters, integrity and abilities (Robbins, 2001). According to Robbins (2001), the following five factors contribute to the establishment of trust in relationships:

- Integrity- characterized by honesty and truthfulness
- Competence – technical and interpersonal knowledge and skills
- Consistency – reliability, predictability and good judgment in handling situations
- Loyalty – in the sense of having the willingness to protect and 'save face' for a person
- Openness – characterized by the willingness to share ideas and information freely

Ethics is the study of moral values and behaviour. Unethical behaviour can affect the individual, work team and organisation (Nelson and Quick, 2006). Ethics contributes

to an organisation's reputation. Organisations with a good reputation attract a better quality of employees and instil trust in customers. Ethics is especially important during the decision-making process. To be able to make ethical decisions, individuals need three qualities:

- The ability to identify an ethical issue and the consequences of alternative decisions
- The confidence to seek out different opinions about the matter in terms of what is right in a particular situation
- The willingness to make a decision where there is no clear answer to an ethical issue and complete information is impossible.

In addition, it was found that individual differences in values, loci of control, cognitive moral development and Machiavellianism influence ethical behaviour (Nelson and Quick, 2006). Specifically people with strong personal values, an internal locus of control, a high level of moral development and a low level of Machiavellianism tend to be more ethical than others. ("Low-Mach" is the term that refers to people with a low level of Machiavellianism, who are sensitive to the needs of others and do not exploit them).

BPR is a team-based undertaking and requires strong dynamics within teams in terms of trust and ethics in team behaviour to be of a high standard. Dysfunctional teams in a BPR effort will result in major delays and problems. Therefore, a strong level of trust within the team allows for shared information and collaboration. Further, in terms of the best practices in BPR, there is a need to have plans for continuous improvements to focus on quality management built around the goal of raising customer satisfaction. These continuous improvements to do the right processes better are integral functions of teams. To increase the organisation's speed of change and the ability to continuously change is the degree to which people are resilient. Resilience is present in high-performing teams, as well as in the development of other members of the team. These attributes stem from trust and strong ethics.

2.6. Conclusion

This chapter provides a comprehensive framework of BPR with the use of best practices for the banking industry. Banks are seeking to improve operational efficiencies, meet customer demands more quickly, and leverage existing technology investments. The literature review focused on the four fundamental elements of BPR, to provide the bank with ways in which to identify and find methods of implementing BPR solutions at ABC Trust to achieve a sustainable customer satisfaction, and to place the trust division in a competitive position within its field. In Chapter 4, the research will be discussed and will include the design and methodology of the survey. The results will be discussed in relation to the literature review.



CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

The report thus far has reviewed existing literature to provide definitions and concepts with the focus on the best practices of BPR. The literature reflected how BPR approaches may be applied to enhance the achievement of the organisations goals and objectives. From the literature, four broad themes have been established, which governed the way the questionnaire and other instruments have been constructed. The four themes are the current process management; the current leadership style; the current level of communication and the assessment of team effectiveness within the trust area of ABC Trust. ABC Trust has four main branches located in Cape Town, Port Elizabeth, Kwa-Zulu Natal and Gauteng. Each branch has a Provincial Branch Manager, Trust Manager, Relationship Officers and Trust Clerk. Based on the type business held, Cape Town and Gauteng have Relationship Managers. In addition, Gauteng also has Trust Support Officers. There is a centralised processing area located in Gauteng. A total of two hundred staff has been invited to participate in the research. From the two hundred questionnaires issued, one hundred and fifty two questionnaires were returned. This reveals that seventy six per cent of the population within the trust area countrywide participated in the survey.

Zikmund (2003) defines business research as the systematic and objective process of gathering, recording and analysing data for aiding decision-making in business. It is clear from this definition that business research is a process and involves many steps. De Vos et al. (1998) define research as a structured enquiry that utilises acceptable scientific methodology to solve problems and create new knowledge that is generally acceptable. Research and the results it yields aims to reduce uncertainty

around research topics and, in so doing, improve the quality of business decisions taken by managers. Zikmund (2003) suggests that decision-making in business is improved by the information produced through research. He further notes that research can be classified according to techniques used to investigate the business problem. Based on the defined research structures the research design leaned towards a quantitative research to facilitate quality data to understand the role of BPR at the trust area. To understand the current state of the trust environment, a questionnaire was constructed in terms of the literature review and sent to the entire population. After the questionnaires had been collected and analysed, focus groups and semi-structured interviews were conducted to gain further insight and knowledge, clarify discrepancies and assist to close gaps in the data. The findings of the research allowed the researcher to provide recommendations, which would assist management to make a quality informed business decision on using BPR to sustain customer satisfaction and to have the trust area in a more competitive position within the fiduciary industry.

This chapter outlines the research conducted to investigate the key research question and will cover the research design, methods, questionnaire development and the process for conducting the research.

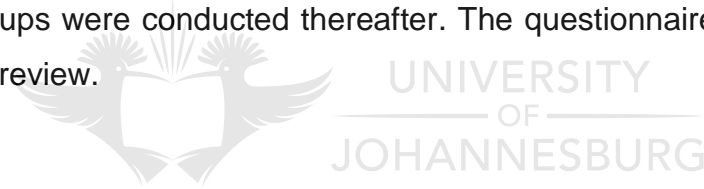
3.2. Research Design

For this research, both qualitative and quantitative tools have been used and adapted to gain in-depth knowledge and to close any gaps that may occur during the data collection process. De Vos et al. (1998) suggest that all research belong to either two categories:

- Qualitative research - provides attitudinal responses and attempts to explain phenomena that are not as easily quantified by numbers. Open-ended questions, i.e. questions that allow for the respondent to formulate his/her answers in his/her own words, are utilised to gather qualitative research data (De Vos et al., 1998). In view of the type of data received, semi-structure

interviews and focus groups were used. Semi-structure interviews and focus groups were conducted after the questionnaires were collected and analysed. During these sessions the researcher had the opportunity to gain clarity on certain data received and also aided to close gaps in the data. Participants expressed themselves and elaborated on issues that they were concerned with. This provided background and content to understand the participants' points of view.

- Quantitative research - provides numerical, quantified results based on some statistical computation. This is usually based on results gathered from the responses recorded by using closed-ended questions (De Vos et al., 1998). In view of the statistical data required for the research, a questionnaire containing closed-ended questions was used. The use of the questionnaires assisted in the collation and analysis of the data since the semi-structured interviews and focus groups were conducted thereafter. The questionnaire was based on the literature review.



To overcome any limitations that may present itself during the research and due to the nature of the research four instruments have been employed for data collection, namely, observations, questionnaires, semi-structured interviews and focus groups. This caters for the gaps in information and will also be used to validate certain data obtained. These will assist to gain and understand the in-depth knowledge, for the success of the research

3.2.1. Observations

As an observer the researcher is able to shift the focus from one aspect to another, as new and potentially significant objects and events present themselves. The primary advantage of conducting observation is flexibility. Observation in qualitative research is intentionally unstructured and free-flowing (Malhotra, 1993). Observation

was used in this study. At the onset of the study, the researcher began making notes on the turn-around-time of current processes, the periods at which bottle-necks are created, the workflow of instructions and concerns and frustrations on the ground. From this point, the observations continued making further notes of the efficiencies of the current structure and processes used, some causes of bottlenecks and inconsistency work flow. During the course of the observation, the research remained detached from the research participants so that the researcher was able to draw unbiased conclusion. Critical staff issues were overlooked as these were covered in the semi-structured interviews. During the interviews, further clarity was gained with regards to the frustrations and concerns observed.

3.2.2. Semi-structured Interviews

Semi-structured individual interviews (Appendix A) were used to collect data during the research process (Hoepfl, 1997). Semi-structured individual interviews served the study best as it provided opportunities for the interviewee to elicit individual perceptions, feelings and experiences (Welman and Kruger, 1999). The main purpose of the interviews was to gain clarity on the concerns and discrepancies that surfaced on reviewing the data from the questionnaires and from the observations made. The researcher used an interview guide, consisting of a set of predetermined opened-ended questions to guide the line of enquiry during the interview.

The interview guide assisted the researcher to establish a conversational style (Hancock, 2002) with the focus on change and the understanding of BPR within the trust area. The researcher asked a standard question with one or more individually tailored questions. This was done to obtain clarification and to probe the interviewees reasoning to determine the need to process reengineering within the trust area. Due to this synchronous character of medium, the interviewer concentrated much more on the questions asked and the answers received. Although a semi-structured interview list was used, the interviewer had to formulate questions as a result of the interactive nature of communication. The explicit way used to terminate the interview was to

thank the interviewee for cooperation and asked them if there were further remarks that might be relevant to the topic or the interview process. This led to the emergence of a whole new area of information (Wengraf, 2001).

The researcher endeavoured to conduct interviews with staff that occupied different roles within the trust area. This was done to obtain a holistic view from the entire trust area. When the participant had difficulty in answering a question, or provided only a brief response, cues or prompts were used to encourage the interviewee to consider the response further. The cues gave the researcher the freedom to elaborate on the original response and were able to follow a line of inquiry introduced by the interviewees (Patton, 2002). Patton (2002) cautioned that novice researchers should not become overly technique-oriented as it is the perceptions and worldviews of the interviewee that the researcher wishes to understand.

3.2.3. Questionnaires

The research made use of a valid, reliable, measuring instrument to measure the organisational climate for its conduciveness to process reengineering. A covering letter and questionnaire (Appendix B) was sent to all staff (including managers at all levels) within the trust area, countrywide. There are two main reasons that questionnaires were used; firstly the researcher required all staff within the focus area to participate so as to provide a holistic view and varied perceptions of the research objectives, and secondly questionnaires proved to be the best tool to employ to reach the target audience countrywide. Although the letter explained the aim of the questionnaire, the researcher used the opportunity to share the aim and importance of the questionnaires to staff directly and via email to the respective regions. It was important to offer the respondent's anonymity as the questionnaire represented an unsolicited approach to their organisation and a request for information on organisational opinions could be regarded as sensitive. The wording and presentation of the questionnaire was subject to careful consideration in order to elicit the information that meets the research objective. The following guidelines for developing

the questionnaires (De Vos, 1998) were adapted when constructing the questionnaires for this study:

- Questions should be brief and should contain one thought
- Questions should be in plain language
- Questions should never reflect any bias
- Every question should be relevant to the purpose of the study

The questionnaire was divided into five parts and literature was used to provide direction with regards to the sections of the questionnaire and the construction of the questions. Part one was aimed at determining the demographic, level of education, experience and staff/management grouping. Part two was aimed at establishing the level of understanding of BPR, the need for change, to evaluate the current process management environment and to establish if the bank needs to change its business process management. Part three evaluated the current leadership style to determine whether the current style used is conducive to a BPR effort. Part four was to establish the level of communication within the trust environment and was therefore subdivided. The first section of part four was completed by all general staff who had no subordinates, while the second part of section four was for all levels of management and for general staff with subordinates. The last section, part five, assessed the team effectiveness within the trust environment.

3.2.4. Focus Groups

Two focus groups were conducted and the semi-structured interview questions were used. This was done to gain further insight from the participants and to obtain a holistic view. According to Malhotra (1993) focus group discussions can be very effective. One group consisted of trust support officers and relationship officers and the other group consisted of the trust clerks. The researcher asked the participants a series of screening questions to assess eligibility, which consisted of three questions. Having the right participants in the group ensured that valuable contributions to the

discussion were made, and prompted other participants in the group to voice their contributions. The group produced a wider range of information, insight and ideas than individual responses secured on a separate basis. It was often the case that a remark from one participant would trigger a chain reaction from other participants. After only a brief introductory period, participants wanted to express their ideas and expose their feelings as the general level of excitement over the topic increased in the group. Participants felt comfortable and secure because their feelings were similar to other participants. Participants were not asked to answer specific questions, which increased the spontaneity. This provided an accurate idea of their views. More original ideas surfaced from the group than from the individual interviews.

The group allowed close scrutiny of the data collection process, and the process was flexible in the topics covered. The data collection was relatively quick since many individuals were interviewed at the same time (Malhotra, 1993). Since the focus groups were conducted in a central region, namely Gauteng, data from the focus groups was used to validate the data obtained from the questionnaires. During the group sessions, the opportunity was also used to address the discrepancies obtained from the questionnaires.

3.3. Data Analysis

All research requires logical reasoning. Although the quantitative research focused heavily on deductive reasoning, the researcher maintained objectivity in data analysis to evaluate the outcomes. Data analysis was a systematic procedure used to identify essential features and relationships that exist in the data (Coffey and Atkinson, 1996). Data was transformed through interpretation. Hycner (1999) cautioned that as the term analysis usually means “breaking into parts” the researcher should guard against the loss of the whole meaning or contents during the analysis process.

Four broad categories were identified in accordance with the literature discussion above. The services of Statkon were employed to collate and analyse the data. Statkon is an area within the University of Johannesburg that provides aid to

postgraduate students and academic staff in the collation and analysis of data. As mentioned, four broad categories have been created, in terms of literature and with relation to the objectives of this study, and interpreted within these themes. Data from the interviews, observation and focus groups have been used to validate, support and clarify the data collected from the questionnaires. Most important was the evidence derived on the efficiencies and effectiveness of the current processes and systems in place. A Microsoft Excel spread sheet was created and data from all questionnaires was captured onto this in a coded form. Each questionnaire was given a case number, and each question was assigned a number per section and a code was captured for each answer. The data was handed to Statkon. Statkon used the Statistical Product and Service Solutions (SPSS) software package to analyse the data, and provided descriptive, cross-tabulation and split-file analysis.

3.4. Limitations to the Research

There were limitations to the research from both internal and external sources. Internal being ABC Trust and external being the respective banking institutions in South Africa. In view of the bureaucracy that currently exists within the trust area, members of staff were uncomfortable in disclosing their concerns with regards to the current structure and processes. To a certain degree staff members were overwhelmed with regards to the uncertainties of change. To overcome these challenges, the researcher shared some successes of BPR efforts. The availability of staff during this period also posed some challenges since the entire population within the trust area countrywide was targeted. This challenge was overcome by appointing a designated person in each region to distribute and collect the questionnaires. The designated person in each region was given the task of ensuring that at least eighty per cent of the questionnaires distributed were collected. Staff on leave e-mailed their questionnaire to the researcher directly. These efforts ensured that all information required was received, which contributed to the success of this study.

CHAPTER 4

RESULTS AND DISCUSSION

4.1. Introduction

As mentioned in the previous chapter the purpose of the study is to establish how BPR approaches can be applied to the banking sector with the focus on the trust area. Therefore, the study is aimed at determining how the company currently functions and operates, and to identify areas of improving service delivery using BPR approaches. Hence, this will improve the competitive position of the trust division of ABC Trust within the industry. The questionnaire was based on the four broad themes depicted in the literature review, namely:

- Section A - Demographics of the respondents
- Section B – The respondents' understanding of BPR and the current process management environment evaluated
- Section C – The current leadership style evaluated
- Section D – The level of communication established
 - D1 – completed by general staff who have no subordinates
 - D2 – completed by all levels of management and general staff who have subordinates
- Section E – Team effectiveness assessed

The total population is two hundred in the entire trust area countrywide, which was the scope of the study. Questionnaires were sent to the designated person in each region for the distribution and collection of the questionnaires, with the task to ensure that at least 80% of the questionnaires were collected. From the two hundred questionnaires distributed, one hundred and sixty six questionnaires were returned. This was an excellent response rate of 83% of the total population.

4.2.1. Gender

From the participants 21.7% are made up of males, whilst the bulk of the participants, 78.3% are females. This is most common in an administrative environment such as banking. It is important to note that within this environment, males hold all the high ranking positions, namely Head of Trust and Provincial Manager positions. The next level is the Trust Manager positions. Females start to dominate from this level downwards. With regards to gender, the concern here is why are there no females holding senior positions when 78.3% of the respondents are females.

Table 4.1 Gender

		Frequency	Percept	Valid Percept	Cumulative Percept
Valid	Male	36	21.7	21.7	21.7
	Female	130	78.3	78.3	100.0
	Total	166	100.0	100.0	



4.2.2. Banking Industry Experience and Educational Levels

BPR is a team-based undertaking, which allows for cross-functional teams. In terms of the best practices in BPR, a continuous process improvement is required to improve customer satisfaction. Employees are required to rethink and improve current processes. Therefore, it was necessary to establish the level of skills and competencies within the trust area. A cross-tabulation analysis was done, comparing the banking experience and educational qualification levels. The banking industry experience has been categorised into four sections. From the 166 questionnaires received, only 159 participants answered this section.

In the category of employees with 1-5 years' experience, it is pleasing to report that the bank is recruiting staff with higher levels of educational qualifications. 9.1% hold a degree, 31.8% hold a diploma, 16.7% hold a certificate and 42.4% hold a

matriculation qualification. The new recruits should be more progressive in their thinking, and would be more open to support and contribute towards change efforts. The next category of employees is those with 6-10 years of work experience. The highest educational qualification is a diploma (32.4%), while 50% of the employees within this category only possess a matriculation level qualification. The question is why employees, after 6-10 years of being in the employ of the bank, have not improved their educational qualifications at a tertiary level. This question was addressed in the focus groups where participants mentioned that within the trust area there is no further growth opportunities in terms of career progression; therefore there had been no need to improve their educational qualifications.

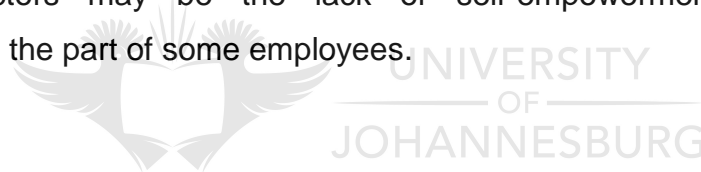
The 11-15 years' work experience category reflected a more depressing state of affairs with 91.7% of employees holding a matriculation level qualification, and 8.3% holding a postgraduate qualification at NQF level 9. In the 16 and more years work experience category, 72.3% of the participants' hold diplomas and 14.9% hold degrees. In two interviews conducted with trust relationship officers, they had no intention to further their studies, and were happy in their current positions. From the interview it was evident that, there is some complacency that exists within the attitudes of some of the trust officers. Contrary to this, in two other interviews conducted with trust clerks, both had no educational qualifications and stressed their desire to progress into higher positions. Both trust clerks are currently studying.

Table 4.2: Educational qualification and current roles

			A2 Educational Qualification/s					Total
			Matric	Certificate	Diploma	Degree (BSc/BA)	Master s/MBA/ M.Sc.	
Period in the banking industry	1-5 years	Count	28	11	21	6	0	66
		Period in the banking industry.	42.4%	16.7%	31.8%	9.1%	0.0%	100.0%
	6-10 years	Count	17	6	11	0	0	34
		Period in the banking industry.	50.0%	17.6%	32.4%	0.0%	0.0%	100.0%
	11-15 years	Count	11	0	0	0	1	12
		Period in the banking industry.	91.7%	0.0%	0.0%	0.0%	8.3%	100.0%
	16 years	Count	6	0	34	7	0	47

	or more	Period in the banking industry.	12.8%	0.0%	72.3%	14.9%	0.0%	100.0%
Total		Count	62	17	66	13	1	159
		Period in the banking industry.	39.0%	10.7%	41.5%	8.2%	.6%	100.0%

During the focus group sessions, participants raised concerns that bursary opportunities were not accessible to them since their chosen fields of study were considered to be incongruent with work focus areas of ABC Trust. Having explored this issue further, it was established that their field of study is congruent with the broader organisation, viz. ABC Bank, of which ABC Trust is a subsidiary. This reflects that there is a misalignment of objectives in terms of 'investment in people' between ABC Bank and their subsidiary company, ABC Trust. The poor management of the bursary program could be one of the contributing factors impacting the improvements with regards to the educational qualifications of employees in ABC Trust. Other contributing factors may be the lack of self-empowerment, motivation and complacency on the part of some employees.



4.3.1. Understanding of BPR

BPR was never implemented in this company. Therefore, to test the understanding of the employees' knowledge of BPR they were required to answer 'yes', 'no' or 'unsure' on eight statements that were sourced from Hammer and Champy (1993). The question that supported these statements was, 'What do you know about the term business process reengineering?' From the 166 participants, not all participants answered the eight questions consistently. Responses on statements 1, 3, 5, 6 and 7 were poorly answered. These represent more than 50% of the statements. This means that prior to the commencement of any BPR effort, educating the employees would be an important element for the success of BPR. Oversight of this aspect at the initial stage would prove to be disastrous.

Table 4.3: Understanding of BPR

What do you know about the term business process reengineering?	Yes	No	Unsure	Total	Correct Answer
1. It makes the organisational structure flatter	45	53	52	150	Yes
	30.0%	35.3%	34.7%	100.0%	
2. It brings greater efficiency and cost effectiveness.	146	0	16	162	Yes
	90.1%	0.0%	9.9%	100.0%	
3. It is the same as reorganizing, de-layering or flattening the organisation.	72	42	36	150	Yes
	48.0%	28.0%	24.0%	100.0%	
4. It increases responsibility and accountability.	133	12	16	161	Yes
	82.6%	7.5%	9.9%	100.0%	
5. Reengineering is another name for downsizing.	83	55	20	158	No
	52.5%	34.8%	12.7%	100.0%	
6. It is the fashion of the day.	71	57	28	156	Yes
	45.5%	36.5%	17.9%	100.0%	
7. Reengineering focus on systems advancement.	100	46	16	162	No
	61.7%	28.4%	9.9%	100.0%	
8. It brings radical change in the way things are being done.	127	15	18	160	Yes
	79.4%	9.4%	11.3%	100.0%	

In chapter 2, it was mentioned that BPR is a two-pronged effort. One portion of the BPR is technical and deals with processes (Carr and Johansson, 1995). The other portion of BPR is behavioural. This component involves the identification of changes in the way people work throughout the organisation that will have to take place in order for the technical aspects of BPR to be successful, and the subsequent management of those changes. BPR assists in improving employee empowerment and teamwork.

4.3.2. The need for change

A crucial determining factor to establish a need is to ask the obvious question, viz. “Do you think there is a need to change and/or improve the business process management?” As shown in Table 4.4, 89.2% of the participants answered this question. From the participants that answered this question, 88.5% agreed that there is a need to change/improve the business process management. The 88.5% is reflecting a desire to be better in a position; to increase efficiencies and to enhance performance and to deliver better results, exceeding customer expectations.

Part of the primary objective was to recognise the need for change. 88.5% of the participants believe that there is a need to change and/or improve the business process management. This is an important element of any BPR effort; an agreement from employees and management on one basic, primary need.

Table 4.4: Need to change and/or improve

Do you think there is a need to change and/or improve the business process management?					
		Frequency	Percept	Valid Percept	Cumulative Percept
Valid	Yes	131	78.9	88.5	88.5
	No	17	10.2	11.5	100.0
	Total	148	89.2	100.0	
Missing	0	18	10.8		
Total		166	100.0		

4.3.3. Process Evaluation

This section evaluated the current process management environment. The research needs to establish the current process management environment and compare this with the key success factors of process management (Rummler-Brache, 2004). This will address the research sub-question. Table 4.5 is an overview of the data that were tabulated for each participant that completed the questionnaire. A five point Likert scale was used 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Table 4.5: Evaluation of the current process management environment

Key Success Factors	Evaluation of the current process		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Alignment to Strategy	Business processes are directly linked to the bank's strategy and critical success factors.	N	0	8	28	113	17	166
		%	0.0%	4.8%	16.9%	68.1%	10.2%	100.0%
Holistic approach	Business processes are defined before launching improvement initiatives.	N	4	3	41	99	15	162
		%	2.5%	1.9%	25.3%	61.1%	9.3%	100.0%
Process Awareness by management and staff	Key players understand the role of process management in improving performance.	N	0	3	41	101	21	166
		%	0.0%	1.8%	24.7%	60.8%	12.7%	100.0%
Portfolio of process management initiatives	Improvement efforts are prioritized according to the process and its relation to current issues	N	0	23	43	90	10	166
		%	0.0%	13.9%	25.9%	54.2%	6.0%	100.0%
Process improvements methodology	Process management teams use a standard approach to navigate process analysis and design.	N	0	14	53	93	6	166
		%	0.0%	8.4%	31.9%	56.0%	3.6%	100.0%
Process metrics	Process performance is measured at the individual, process and business level.	N	0	10	45	100	11	166
		%	0.0%	6.0%	27.1%	60.2%	6.6%	100.0%
Customer focus	Process analysis and design efforts focus on delivering value to the customer.	N	0	11	18	121	16	166
		%	0.0%	6.6%	10.8%	72.9%	9.6%	100.0%
Process management	Process owners monitor process metrics and continuous improvement efforts on a regular basis.	N	0	26	54	85	0	165
		%	0.0%	15.8%	32.7%	51.5%	0.0%	100.0%
Information technology	Process is the "master" and information systems are the "servants."	N	0	6	47	86	25	164
		%	0.0%	3.7%	28.7%	52.4%	15.2%	100.0%
Change management	Process and cultural issues are effectively addressed when process changes are introduced.	N	1	30	56	73	6	166
		%	.6%	18.1%	33.7%	44.0%	3.6%	100.0%

To provide further meaning to the above data, a variation has been introduced between management and staff. The chi-square test of independence/association is used. This test determines whether or not the two variables are associated in some way. Chi-square test of association is a non-parametric statistical test used to analyse association between two nominal variables. In the chi-square test table the value of the Pearson chi-square reflects the number of degrees of freedom (*df*). To measure the strength of association, the Pearson-chi square and Cramér's V measures are also used below. Cramér's V is the measure of strength of association between two

nominal variables, which is suitable for any size of contingency table. The values range from 0-1. Values closer to zero are weak whilst values closer to one are strong.

4.3.3.1. Alignment of strategy

70.6% of the participants agree that business processes are aligned to the bank's strategy and a further 10.6% strongly agree. A chi-square test of association revealed that the participants (management and staff) and the alignment of the strategy were significantly associated; $X^2(3, n = 160) = 4.53, p = 0.209$. This means that both management and staff agree that business process is directly linked to the bank's strategy and critical success factors. However, when the process challenges are surveyed, regulatory processes dominates and customer experience is rated the lowest.

Table 4.6: Alignment of strategy

Business processes are directly linked to the bank's strategy and critical success factors.						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	2	9	34	6	51
	%	3.9%	17.6%	66.7%	11.8%	100.0%
Staff	N	0	19	79	11	109
	%	0.0%	17.4%	72.5%	10.1%	100.0%
	N	2	28	113	17	160
Total	%	1.3%	17.5%	70.6%	10.6%	100.0%
Chi-Square Tests						
			Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			4.533 ^a	3	.209	
Likelihood Ratio			4.832	3	.185	
Linear-by-Linear Association			.437	1	.509	
N of Valid Cases			160			
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .64.						
Symmetric Measures						
			Value	Approx. Sig.		
Nominal by Nominal	Phi		.168	.209		
	Cramer's V		.168	.209		
N of Valid Cases			160			
a. Not assuming the null hypothesis.						
b. Using the asymptotic standard error assuming the null hypothesis.						

4.3.3.2. Holistic Approach

49% of management and 64.8% of staff indicated that the approach to improvement efforts in the bank is done through business process. It should be noted that although 69.2% of the total participants agree and strongly agree of the holistic approach, 26.3% remains neutral. This may indicate either that the participants are not aware of the current process used, or a lack of understanding of the process. A greater concern is why 13.7% of managers disagree and strongly disagree to this statement, whilst the staff count is nil. A chi-square test of independence (with Pearson chi-square) indicates that there is no significance between the participants (management and staff) and the holistic approach, $X^2 (4, n = 156) = 16.37, p = 0.003$. This means business process is not defined before launching improvements initiatives.

Table 4.7: Business process are define before launching improvement initiatives

Business processes are defined before launching improvement initiatives							
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	4	3	15	25	4	51
	%	7.8%	5.9%	29.4%	49.0%	7.8%	100.0%
Staff	N	0	0	26	68	11	105
	%	0.0%	0.0%	24.8%	64.8%	10.5%	100.0%
Total		4	3	41	93	15	156
		2.6%	1.9%	26.3%	59.6%	9.6%	100.0%
Chi-Square Tests							
				Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square				16.369 ^a	4	.003	
Likelihood Ratio				17.663	4	.001	
Linear-by-Linear Association				10.531	1	.001	
N of Valid Cases				156			
a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .98.							

4.3.3.3 Process awareness by management and staff

A total of 73.1% of management and staff agree and strongly agree that key players understand the role of process management in improving performance. The 26.9% of the participants that disagree and are neutral; revealed that the bank lacks a certain amount of process knowledge, which is vital to improving performance in the bank. A chi-square test of independence (with Pearson chi-square) indicated a significant association between the participants (management and staff) and process awareness, $X^2(3, n = 160) = 6.30, p = 0.098$. Although this analysis reflects that key players understand their role of process management, according to Table 4.7 the business process is not defined before launching improvement initiatives. Therefore, there may be instances where key players are not aware of their role within process management.

Table 4.8: Key players understanding of the role of process management

Key players understand the role of process management in improving performance.						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	2	15	30	4	51
	%	3.9%	29.4%	58.8%	7.8%	100.0%
Staff	N	0	26	66	17	109
	%	0.0%	23.9%	60.6%	15.6%	100.0%
	N	2	41	96	21	160
Total	%	1.3%	25.6%	60.0%	13.1%	100.0%
Chi-Square Tests						
		Value	Df	Asymp. Sig. (2-sided)		
Pearson Chi-Square		6.302 ^a	3	.098		
Likelihood Ratio		6.746	3	.080		
Linear-by-Linear Association		3.723	1	.054		
N of Valid Cases		160				
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .64.						

4.3.3.4. Portfolio of process management initiatives

The research findings reveal that there is some attention given to process management and relative process health when establishing improvement initiatives in order to realise increased performance. A chi-square test of independence (with Pearson chi-square) indicated no significant association between the participants (management and staff) and process management initiatives, $X^2(3, n = 160) = 23.05, p = .00005$. The data shows that improvement efforts are not prioritised according to the process and its relation to current issues.

Table 4.9: Improvement efforts are prioritised according to the process and its relation to current issues

Improvement efforts are prioritised according to the process and its relation to current issues						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	5	12	24	10	51
	%	9.8%	23.5%	47.1%	19.6%	100.0%
Staff	N	17	31	61	0	109
	%	15.6%	28.4%	56.0%	0.0%	100.0%
	N	22	43	85	10	160
Total	%	13.8%	26.9%	53.1%	6.3%	100.0%
Chi-Square Tests						
			Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			23.051 ^a	3	.000	
Likelihood Ratio			24.618	3	.000	
Linear-by-Linear Association			6.928	1	.008	
N of Valid Cases			160			
a. 1 cell (12.5%) has expected count less than 5. The minimum expected count is 3.19.						
Symmetric Measures						
			Value	Approx. Sig.		
Nominal by Nominal	Phi		.380	.000		
	Cramer's V		.380	.000		
N of Valid Cases			160			
a. Not assuming the null hypothesis.						
b. Using the asymptotic standard error assuming the null hypothesis.						

4.3.3.5. Process improvement methodology

From the 160 participants, a total of 58.2% agree and strongly agree that there is a standard approach to business process management within the bank. This could also mean that there is a process discipline in the bank that focuses on achieving standard approaches with regards to improvement initiatives. A chi-square test of independence (with Pearson's chi-square) indicated a significant association between the participants (management and staff) and process improvement methodology, $X^2(3, n = 160) = 6.33, p = 0.097$. The data reveals that the process management team uses a standard approach to navigate process analysis and design.

Table 4.10: Process management uses a standard approach to navigate process analysis and design

Process management teams use a standard approach to navigate process analysis and design.						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	8	19	23	1	51
	%	15.7%	37.3%	45.1%	2.0%	100.0%
Staff	N	6	34	64	5	109
	%	5.5%	31.2%	58.7%	4.6%	100.0%
Total	N	14	53	87	6	160
	%	8.8%	33.1%	54.4%	3.8%	100.0%
Chi-Square Tests						
			Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			6.326 ^a	3	.097	
Likelihood Ratio			6.099	3	.107	
Linear-by-Linear Association			5.840	1	.016	
N of Valid Cases			160			
a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 1.91.						

4.3.3.6. Process metrics

A total of 65.7% of participants agree, and strongly agree, that there is a process and performance metrics system in the bank. This could also reveal that the bank manages its processes to achieve optimal performance. However, a chi-square test of independence (with Pearson's chi-square) indicated no significant association between the participants (management and staff) and process metrics, $X^2 (3, n = 160) = 11.96$, $p = .0008$. The data reveals that process performance is not measured at the individual, process and business level. This is a shortcoming. Evaluation on process performance should be conducted to produce data on improvements in order to achieve optimal performance.

Table 4.11: Process performance measurement at the individual, process and business levels

Process performance measurement at the individual, process and business levels						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	6	10	35	0	51
	%	11.8%	19.6%	68.6%	0.0%	100.0%
Staff	N	4	35	59	11	109
	%	3.7%	32.1%	54.1%	10.1%	100.0%
Total	N	10	45	94	11	160
	%	6.3%	28.1%	58.8%	6.9%	100.0%
Chi-Square Tests						
		Value	Df	Asymp. Sig. (2-sided)		
Pearson Chi-Square		11.964 ^a	3	.008		
Likelihood Ratio		15.046	3	.002		
Linear-by-Linear Association		1.349	1	.246		
N of Valid Cases		160				
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 3.19.						

4.3.3.7. Customer Focus

A total of 85.6% of the participants agree, and strongly agree, that there is customer focus in the bank. This is a good reflection and shows that the bank has clearly embraced the notion of customer-centricity in the design of processes. A chi-square test of independence (with Pearson chi-square) indicated a significant association between the participants (management and staff) and customer focus, $X^2 (3, n = 160) = 5.60$, $p = 0.133$. The data reflects that process analysis and design efforts focus on delivering value to the customer. However, in Figure 4.1 of the process challenges, customer experience has been rated the least challenging.

Table 4.12: Process analysis and design efforts focus on delivering value to the customer

Process analysis and design efforts focus on delivering value to the customer.						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	4	6	36	5	51
	%	7.8%	11.8%	70.6%	9.8%	100.0%
Staff	N	1	12	85	11	109
	%	.9%	11.0%	78.0%	10.1%	100.0%
Total	N	5	18	121	16	160
	%	3.1%	11.3%	75.6%	10.0%	100.0%
Chi-Square Tests						
			Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			5.604 ^a	3	.133	
Likelihood Ratio			5.185	3	.159	
Linear-by-Linear Association			2.308	1	.129	
N of Valid Cases			160			
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.59.						

4.3.3.8. Process management

34% of participants remain neutral and a further 12.6% disagreed that process was adequately managed in the bank and rated the process management capability below average. A chi-square test of independence (with Pearson chi-square) indicated a significant association between the participants (management and staff) and process management, $X^2 (2, n = 159) = 1.06, p = .588$. Although the data reveals that process owners monitor process metrics and continuous improvement effort on a regular basis, 34% of the participants remained neutral. Furthermore, Table 4.11 shows that process performance is not measured at individual, process and business level.

Table 4.13: Process owners monitor process metrics and continuous improvement efforts on a regular basis

Process owners monitor process metrics and continuous improvement efforts on a regular basis				
		Disagree	Neutral	Agree
Management	N	8	15	28
	%	15.7%	29.4%	54.9%
Staff	N	12	39	57
	%	11.1%	36.1%	52.8%
Total	N	20	54	85
	%	12.6%	34.0%	53.5%
Chi-Square Tests				
		Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square		1.063 ^a	2	.588
Likelihood Ratio		1.054	2	.590
Linear-by-Linear Association		.042	1	.838
N of Valid Cases		159		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.42.				
Symmetric Measures				
		Value		Approx. Sig.
Nominal by Nominal	Phi	.082		.588
	Cramer's V	.082		.588
N of Valid Cases		159		
a. Not assuming the null hypothesis.				
b. Using the asymptotic standard error assuming the null hypothesis.				

4.3.3.9 Information system

A total of 66.4% of the participants agree and strongly agree that there is a level of balance between the business processes and information systems within the bank. The concern here is the 29.7% who remain neutral and the small percent who disagree. This indicates that the bank could be forcing processing into the confines of information systems, which will impede the overall process performance. A chi-square test of independence (with Pearson's chi-square) indicated a significant association between the participants (management and staff) and process management, $\chi^2 (3, n = 158) = 4.46, p = 0.216$. The data reveals that process leads and information systems follows, which means that the information systems are structured around the process.

Table 4.14: Process is the “master” and information systems are the “servants.”

Process is the “master” and information systems are the “servants.”						
		Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	1	20	21	7	49
	%	2.0%	40.8%	42.9%	14.3%	100.0%
Staff	N	5	27	59	18	109
	%	4.6%	24.8%	54.1%	16.5%	100.0%
Total	N	6	47	80	25	158
	%	3.8%	29.7%	50.6%	15.8%	100.0%
Chi-Square Tests						
		Value	Df	Asymp. Sig. (2-sided)		
Pearson Chi-Square		4.457 ^a	3	.216		
Likelihood Ratio		4.399	3	.221		
Linear-by-Linear Association		1.040	1	.308		
N of Valid Cases		158				
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.86.						

4.3.3.10. Change management

The area of concern is the 35% who remain neutral and the 21% who disagree, and strongly disagree, as to whether the bank considers or takes change management and people issues into consideration when implementing process change. A chi-square test of independence (with Pearson chi-square) indicated no significant association between the participants (management and staff) and process management, $X^2(4, n = 160) = 8.96, p = 0.062$. The data shows that process and cultural issues are effectively addressed when process changes are introduced. The concern here is the 35% of participants who remain neutral.

Table 4.15: Process and cultural issues are effectively addressed when process changes are introduced

Process and cultural issues are effectively addressed when process changes are introduced.							
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Management	N	1	12	16	22	0	51
	%	2.0%	23.5%	31.4%	43.1%	0.0%	100.0%
Staff	N	0	12	40	51	6	109
	%	0.0%	11.0%	36.7%	46.8%	5.5%	100.0%
Total	N	1	24	56	73	6	160
	%	.6%	15.0%	35.0%	45.6%	3.8%	100.0%
Chi-Square Tests							
				Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square				8.958 ^a	4	.062	
Likelihood Ratio				10.663	4	.031	
Linear-by-Linear Association				5.176	1	.023	
N of Valid Cases				160			
a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .32.							

4.3.3.11. Process challenges

From Figure 4.1 below it is evident that there are many challenges facing the bank. Regulatory compliance dominates the bulk of the challenges at 29.4%, cost reduction stands at 26.9%, and shortly behind is risk management at 25.6%. Thereafter, responsiveness is at 11.3%, customer experience is at 3.8% and real-time decision making is at 3.1%. The challenges concerning responsiveness that the bank faces include the general market conditions, competition and government regulations. Cost reduction challenges include management of costs and improvement of profitability in the bank. The depressed section of the Figure below is customer experience, at an extremely low rate of 3.4%.

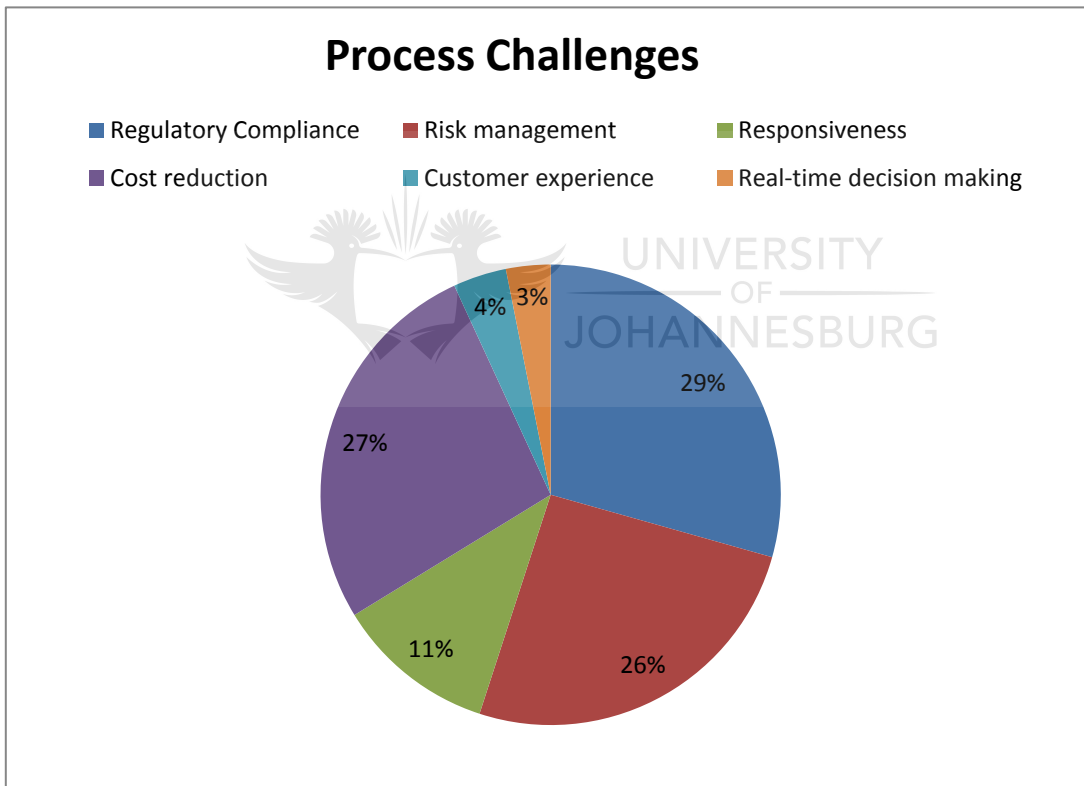


Figure 4.1: Process challenges

4.3.3.12. Formal process improvements

Figure 4.2 below reflects that the majority of the participants are in agreement that the bank conducts formal process improvement projects. 37.7% of the participants do not believe that the bank conducts formal process improvement projects. A chi-square test of independence (with Yates Continuity Correction) indicated no significant association between the participants (management and staff) and formal process improvements, $\chi^2 (1, n = 159) = 2.77, p = .010$

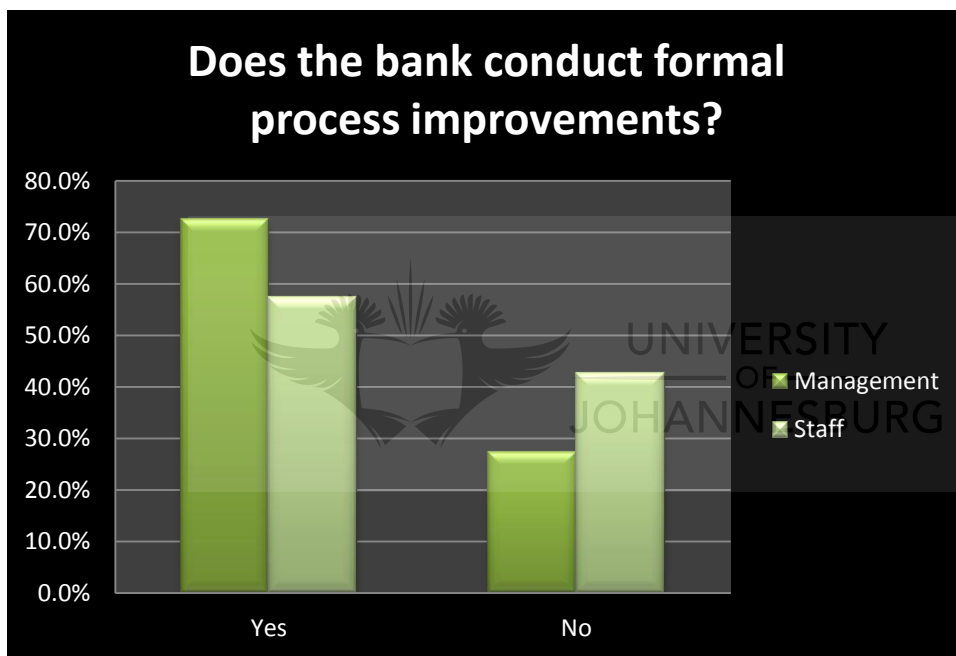


Figure 4.2: Does the bank conducts formal process improvements?

4.3.3.13. End-to-end process management

Figure 4.3 below reflects that the majority of the participants are in agreement that the bank emphasises end-to-end process management. 41.7% of the participants do not believe that the bank emphasises end-to-end process management. A chi-square test of independence (with Yates Continuity Correction) indicated a significant association between the participants (management and staff) and end-to-end process management, $\chi^2 (1, n = 156) = 3.45, p = .063$

This shows that there is a statistically significant association between the participants and the bank's emphasis on end-to-end process management. The concern that surfaces is that 41.7% of the participants do not believe that the bank emphasises on end-to-end process management.

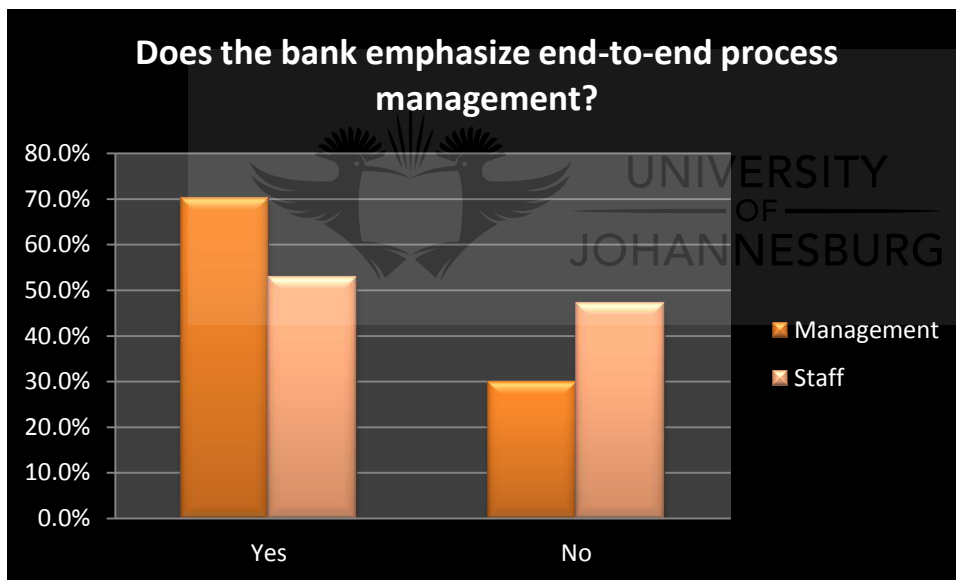


Figure 4.3: Does the bank emphasize end-to-end process management?

4.3.4. Current leadership style

This section evaluates the current leadership style as the participants perceive it, in their capacity as a leader or as a subordinate. A four point scale was used 1=Strongly Disagree, 2=Disagree, 3=Agree and 4=Strongly Agree. The leadership section in terms of the questionnaire was designed to measure three common styles of leadership, namely authoritarian, democratic and laissez-faire. As mentioned in literature, BPR is a top-bottom approach, which requires management's full commitment to the change.

If management were to gain the full cooperation from the staff, this would lead to the success of the change effort. Therefore having the correct leadership style in place, would prove to be a vital element in the success of the BPR effort. The data has been collated in terms of the current leadership style by management and by staff as reflected in Figure 4.4 below and compared with the scoring interpretation as per Figure 4.5. For the authoritarian and democratic leadership style, management reflects a moderate range, while staff reflect a high range. However, for the laissez-faire leadership style, both management and staff reflect a moderate range.

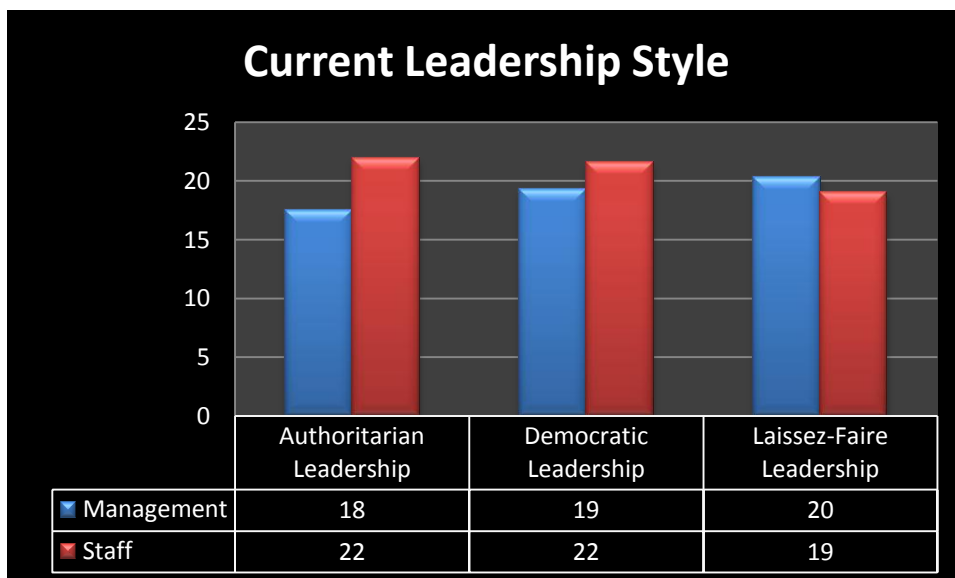


Figure 4.4: Current leadership style

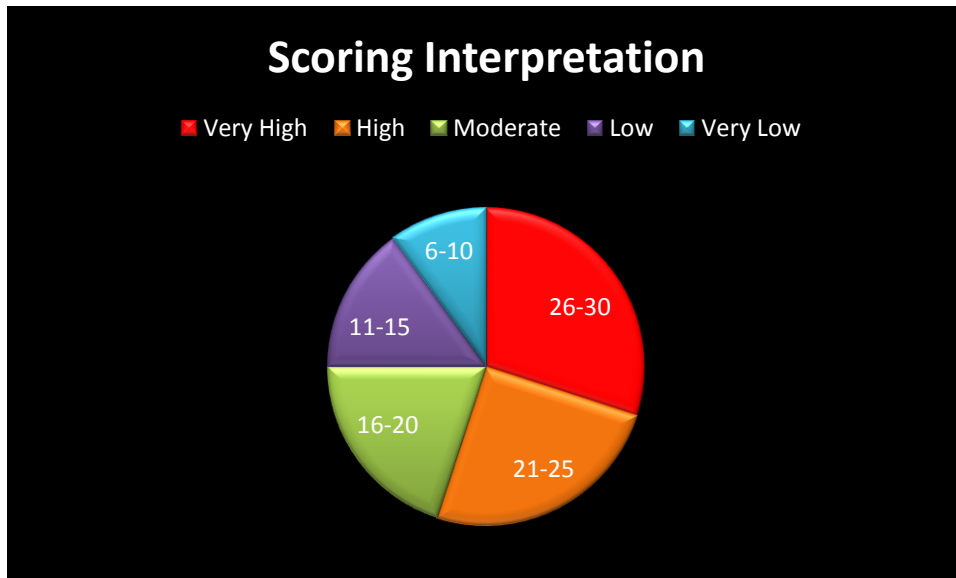


Figure 4.5: Leadership style scoring interpretation

4.3.5. Current level of communication

This section evaluates the current level of communication. The questionnaire for this section was split into two sub-sections; the first section was for all general staff who have no subordinates. The second sub-section was for all levels of management and general staff who have subordinates. As per Annexure A, section D1 and D2 (a) to (i), the list of questions was designed to provide managements' view of how they communicate with their staff and how staff view managements' communication. In section D1 and D2, questions (j) to (t) relates to the individual's communication. A four point Likert scale was used 1=Almost Never, 2= Occasionally, 3=Usually and 4=Always.

To analyse the current level of communication, the mean and standard deviation has been calculated. The mean for questions (a) to (i) have been extracted from the list and illustrated on a line graph to display the evaluation of management and staff views. Table 4.17 displays the full statement directed to staff and managers and the mean statistics.

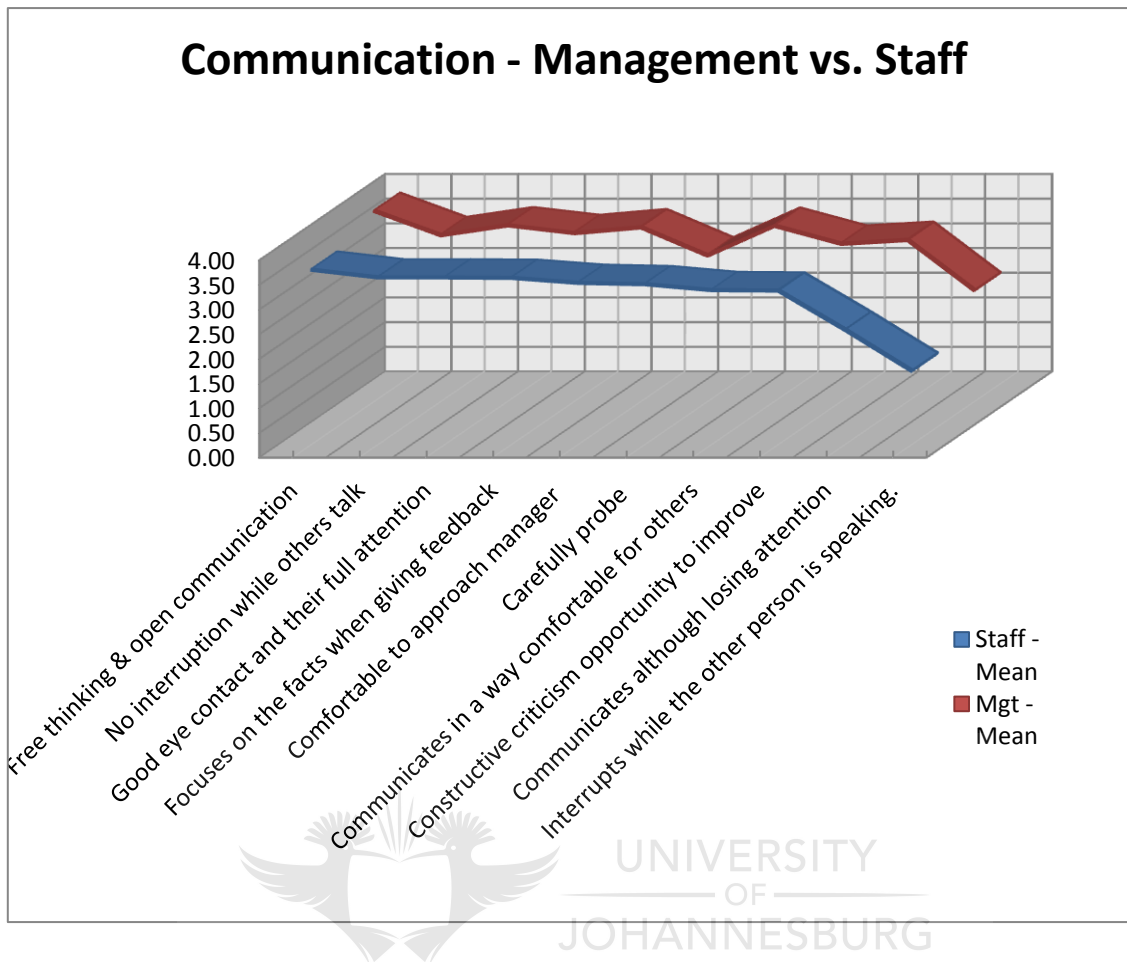


Figure 4.6: Communication level – Management versus Staff

Table 4.16: Communication Level – Staff and Management Mean

Communication Evaluation	Staff - Mean	Mgt – Mean
Staff - My manager encourages people to speak their minds openly and share their concerns. Manager – I encourage people to speak their minds openly and share their concerns.	3.54	3.86
Staff - My manager let people finish what they are saying without interrupting. Manager – I let people finish what they are saying without interrupting.	3.39	3.37
Staff - My manager maintains good eye contact and gives people their full attention. Manager – I maintain good eye contact and gives people their full attention.	3.39	3.57
Staff - My manager focuses on the facts when giving feedback. Manager – I focus on the facts when giving feedback.	3.38	3.41
Staff - I am comfortable to speak to my manager when I am confused or unsure. Manager - I am comfortable to speak to my staff when I am confused or unsure.	3.28	3.53

Staff - My manager carefully probe when he/she does not understand something. Manager - I carefully probe when I do not understand something.	3.25	2.96
Staff - My manager delivers their communication at a pace and in a way that is comfortable for others. Manager – I delivers their communication at a pace and in a way that is comfortable for others.	3.13	3.56
Staff - My manager considers every constructive criticism as an opportunity to improve. Manager – I considers every constructive criticism as an opportunity to improve.	3.12	3.20
Staff - My manager communicates style is constant even though he/she is losing the other person's attention. Manager – I adjust my communication style if I feel I am losing the other person's attention.	2.33	3.27
Staff - My manager interrupts while the other person is speaking. Manager – I avoid interpreting while the other person is speaking.	1.50	2.25

4.3.6. Team effectiveness

This is the final section of the questionnaire, which assesses team effectiveness. Fifteen questions have been designed to evaluate team effectiveness. The participants have reflected a good level of team effectiveness within the bank. 55% of the participants reflect that there is a good level of team effectiveness, 35% reflect that there is a moderate level and 10% reflect a poor level of team effectiveness.

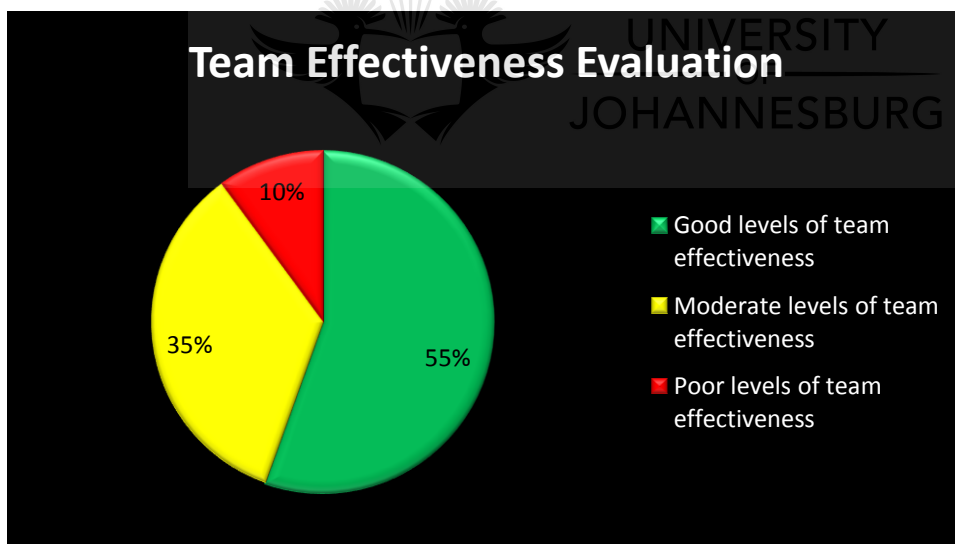


Figure 4.7: Team effectiveness evaluation

4.4. Summary of the findings

At the onset of the summary of the findings, it is vital to state that 88.5% of the participants agreed that there is a need for change and/or improvement of the business process management.

4.4.1. Demographics

A minimal entry level qualification into ABC Bank is a matriculation certificate. At the entry level roles, it is good to note that within the last five years over 50% of the staff have academic qualifications ranging from certificate level to degree level. This will create further opportunities for these staff members within the banking industry. The educational qualifications and current roles is a concerning factor. In the 6-10 and 11-15 year categories, there seems to be a sense of complacency and a lack of self-empowerment that has settled amongst the staff. This type of behaviour at times contributes negatively towards a change effort. In terms of BPR, where 'out-of-the-box' thinking is required, employees may find some difficulty to find the solutions from within. A further concern that has surfaced is that 30% of the participants are in the 16 and more years' category, and a need for the transfer of skills and knowledge, to enable the talent to be distributed and not disappear once employees retire or leave the banking industry.



4.4.2. Understanding of BPR and Process Evaluation

The more than 50% of the statements that were designed to establish the participants understanding of BPR has been poorly answered, as depicted in Table 4.3 above. The technical and behavioural efforts of BPR are also unknown factors that currently exist. Aspects of organisational development, change management and corporate culture are areas of BPR that should be addressed. The recommendations will address how ABC Trust may overcome these concerns.

A five-point Likert scale was used to evaluate the current process management environment in terms of the key success factors of process management. Although this section of the questionnaire was answered fairly well, a misalignment has been identified when participants answered the question on process challenges. Regulatory compliance (29.4%) dominated the process challenges whilst customer

experience was the lowest challenge (3.8%). Within a service industry, this is most alarming. Customer experience should be a dominating challenge in process management. This is one of the fundamental ways ABC Trust is able to compete within the fiduciary industry and for the bank as a whole to compete within the financial industry.

4.4.3. The role of leadership

Currently, management views their leadership style contrary to the way in which staff view it. The BPR effort is a top-bottom approach where the decision to change is made at the top on a strategic level. Hence the commitment and support from senior management is of vital importance to the success of the change. Therefore, having the correct leadership style is important. Ideally, this should be a democratic leadership style, where staff are empowered and encouraged towards contributing to the change effort by the creation of work teams and committees. Teams would be empowered and given authority to make decisions and to find solutions. An authoritarian style is more directive in nature. The leadership style will change once staff are affected by the change, at the operational and functional level. A laissez-faire style is the most dangerous style to use with BPR. To a large degree, this is the current leadership style being practised. In as much as staff are able to make decisions and find solutions, the lack of the presence or support from management would cause significant harm to any change efforts.

4.4.4. Effective communication

The current level of communication has been assessed. Management has rated their communication with staff much higher compared to how staff receives the message from management's communication, as illustrated in Figure 4.6. In the literature review, communication forms a vital element in a BPR effort, to the extent that communication forums and a process should be constructed. Communication to the

receiver is as important to the sender. Data has showed that there is a gap in terms of effective communication within the bank.

4.4.5. Team effectiveness

BPR is a team-based undertaking, where plans and implementations are broken down and assigned to individual teams. As mentioned in the literature review, BPR have four main teams with roles and responsibilities. Developing high performing teams, instead of having groups of people working together, leads to a successful BPR effort and also fosters a competitive advantage. Data has reflected a good level of team effectiveness within the bank. One of the contributing factors could be the 37% of the participants who have more than 11 years of banking experience, and where the levels of maturity are much higher. A further contributing factor is that participants who have been with the bank for 1-5 years have higher educational qualifications, hence their progressive thinking, which adds to the value of teamwork. With the combination of experience and skills, together with educational qualifications, the dynamics of team effectiveness is present with the team.

4.5. Conclusion

Analysing the data reflects that much pre-work should be done for the change and the implementation of BPR. This is inclusive of staff and management. The tools used to measure and analyse the data have been successful and much data has been received, which may be used for other research. The four main themes of BPR, viz. the current process management environment, the role of leadership, the level of communication and team effectiveness have been assessed in the current environment to provide the foundation for the study. An in-depth study of the current process environment has been conducted to establish a holistic overview of the business process management environment. The process challenges concluded this section of the study, and it is evident that the bank focuses much effort on regulatory

compliance rather than on providing and enhancing customer value. BPR focuses on delivering customer value and all efforts within the process improvements efforts within the service chain, focus on customer value. It is therefore evident that the current strategy is not aligned to the vision of the bank; hence the objectives and goals set are misaligned. The recommendation provided in the next chapter will address these concerns.



CHAPTER 5

RECOMMENDATIONS AND CONCLUSION

5.1. Introduction

The previous chapter reflected the results of the analysed data and was concluded with a discussion of the data. In this chapter, the recommendations will be discussed based on the findings to address the study and recommend further research, and end by a conclusion of this study.

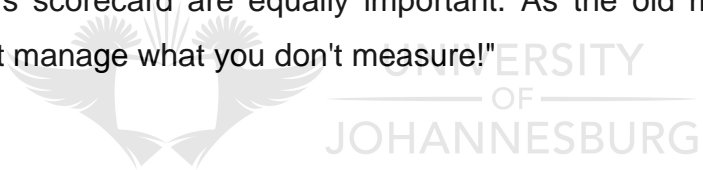
5.2. Recommendations

Based on the results of the findings, the recommendations have been constructed. The role of BPR within the trust environment seems to be the most suitable approach to assist in a change effort. All recommendations target towards increasing customer satisfaction.

5.2.1. BPR adding customer value

The findings of the study shows that in terms of the banks process challenges, customer experience is rated the least at 3.4%, while regulatory compliance dominated the process challenge with 29%. Hence, process enhancements in most cases would be to address regulatory requirements rather than enhancing customer value. In a service environment such as banking, there are a set of critical touch points that represent "vital signs". These typically include ease of application or ordering; timeliness of products/service delivery; and timeliness, accuracy, and

completeness of responding to enquiries and complaints. The bank should assess the timeliness and quality of customer interactions rather than focus solely on the traditional measures of performance, viz. revenues, profit, cash flow, and departmental actual-to-budget comparisons. The focus on the traditional measures of performance, at the expense of critical-to-customer metrics, is a form of organisational measurement myopia, where near-term financial metrics trump the monitoring of what matters to customers and, hence, the basis for long-term revenue growth. IT systems have a key role to play in measuring what matters to customers, and that can be problematic at times when IT systems have been designed to focus on the traditional "inside-out" performance metrics. This is where mapping the customer experience can provide a useful context. The key to success with customer experience mapping is to stay at the right level of detail. Identification of the critical-to-customer metrics is just the first step. Linking customer experience to financial outcomes and assuring the critical few customer metrics become part of the senior leadership team's scorecard are equally important. As the old management adage states, "you can't manage what you don't measure!"



5.2.2. Process ownership

The study revealed that although process owners monitor process metrics and continuous improvement effort on a regular basis, 34% of the participants remained neutral. Furthermore, Table 4.11 shows that process performance is not measured at individual, process and business level. This could relate to a further finding where business processes are not defined before launch of the initiatives. An end-to-end process requires that different departments work together to create value for customers. In traditional organisations, where the predominant focus is on managing individual departments, it is rare to observe that any one individual has overall accountability for these large sets of value-creating activities. The concept of a process owner has been proposed in both the process improvement and customer experience literature as one way of assuring accountability for managing the flow of work that crosses departmental boundaries. Process ownership, when properly

implemented, has the potential to break down silos as process owners drive collaboration across departments and motivate cross-functional teams toward continuous improvement. There are two common models for process ownership. In one model, the senior process owner role is part-time and such process owners 'wear two hats', one for their business or functional responsibility and another for their process ownership role. In the other model, a senior staff person is appointed as a dedicated, full-time process owner, with the responsibility to work with department and business unit heads to drive collaboration across departmental boundaries.

The recommendation is to implement a process ownership to understand the need for a robust infrastructure to drive cross-departmental collaboration. The principal ingredients for this infrastructure should include: a customer-focused set of performance metrics to monitor performance, regularly reviewed by the senior leadership team; a model or process relationship map that depicts how the role of process owners is central to value creation; a standing, part-time, cross-functional team of subject matter experts to support process owners; a set of visible and meaningful recognition systems and aligned incentives to work cross-functionally; an on-going communication program that engages employees in continuous improvement and an on-going program of training and education on the role of the process owner such that new appointees can rapidly transition into their roles. The need for process owners to bridge various types of silos is arguably greater than ever before as the number and types of silos appear to be increasing. For example, in addition to departmental silos, it is now common to observe methodology silos, where experts in various improvement methods advocate their approach above others. Similarly geographic silos, product line silos, and technology silos continue to stand in the way of creating value for customers.

5.2.3. End-to-end business process, with outside help

The study established an area of concern where 41% of participants do not believe that there is an end-to-end process management in the bank. To communicate BPR as the way to improve performance, the use of simple and visually-compelling models of end-to-end business processes. This will drive dialogue around the gap between current and desired performance. The key here is to ask, not tell. It's the dialogue around the benefits of cross-functional collaboration that creates excitement on using process models to tear down both functional and data silos. Of course, this requires expert facilitation skills, and a degree of detachment and objectivity that outsiders are sometimes better at bringing than their internal process professional counterparts. One barometer of success is the degree of clarity on a compelling case for change and the extent to which there is shared understanding of how BPR can act as one of the means to achieve these goals. To emphasize integration as opposed to fragmentation, the process owner/s would need to start by measuring what matters to customers, and integrate performance measurement with simple, high-impact models of end-to-end business processes. Then they would need to illustrate how features such as document management, business analytics, business rules, and simulation capability combine to provide the means for improved collaboration and improved performance.

5.2.4. The role of IT in BPR

The study shows that the information systems are structured around the process. The high impact of IT within the bank is identified by the core characteristics of architecture, which should encompass the role of durability, which stand up robustly and remain in good condition; the utility needs to be useful and function well for the people using it, and beautiful to delight people and raise their spirits. There are often systems that are durable but not useful, or useful but not durable, or beautiful but neither useful nor durable. The best result is when all three come together. It is at this time that the creation of architecture has a positive impact. A durable IT structure is

one that meets the requirements for availability, reliability, security, scalability, flexibility, and agility of present and future business goals. It withstands the change forces of technology, business, competition, and environment. A useful IT structure is one that makes it easy to support the business goals of the bank and for internal and external stakeholders to get value from their interactions. Beauty is perhaps a little more difficult to apply to IT, and there is some truth to the old adage that "beauty is in the eye of the beholder." The recommendation for the IT structure would be to define what should be common to maximize efficiency and effectiveness, identify what should be extensible to support differentiation and value and to combine these together into an overall whole. Perhaps one aspect of beauty might be in the structure and modularity of the architecture and in the relationship of these factors to delight those who require efficiency, effectiveness, or differentiation.

5.3. Future Study

The scope of the study was internally based, which provided the view from staff and management. To gain a holistic on performance and delivery a further study should incorporate customers of the trust area, beneficiaries, guardians, pension funds, FSB, the Masters Office and SARS. A future study may also provide insight on the creation of a continuous improvement culture and a rethinking of the business environment.

5.4. Study Objectives

The objectives of the study were achieved. The findings of the study was analysed and discussed, and the relevant recommendations were provided. The purpose of this study was to evaluate the role of BPR within the trust area of ABC Bank.

5.5. Conclusion

The study has been rewarding yet challenging in many aspects. The return rate of the questionnaires contributed immensely to the success of the study. The construction of the questionnaires, assisted towards achieving the main objective and all sub-objectives of the study. A chi-square test of association was used to analyse the data. Cross-tabulation, split-file analysis and descriptive analysis was used to analyse the data. Due to time constraints the researcher could not explore a case-study within the area. The case study would have focused on a payment process before BPR and after BPR, showing the value of the role of BPR within the trust area.

To bridge the gaps for future studies between literature and the current study, other research methods may be adopted to analyse and provide different perspectives on the topic of BPR. Further research within the field of business process management may also provide a wider view of BPR.

This study contributed towards the understanding of BPR theory, which evaluates the current situation against the desired state with the view of adding and improving customer satisfaction. Using the BPR best practice methods with the assistance of an expert consulting company, BPR can be implemented

A complex, dynamic and uncertain market has led many organisations to design and manage their organisations as systems of capabilities and outcomes, as opposed to collections of processes and reporting relationships. A growing body of literature on process reengineering has suggested that a company will perform well if BPR is applied in their environments. The process changes within the reengineering effort anticipate advantages in a 2-fold manner. Firstly, a tight integration of dynamic information-modelling aspects with business redesign issues (such as client-orientation and customer satisfaction, workflow co-ordination, productivity enhancement, etc.) is at optimum; secondly, quality improvement. As mentioned, the purpose of the study was to determine the gaps that restrict performance and then address these through process reengineering. The key elements would be to adopt a continuous improvement process, a team-learning culture and strong leadership

influence to support the changes. It is anticipated that a re-structure of the group dynamics, process improvements in terms of systems and information, enhanced team development and cross-functional teams would lead to positive benefits for the company. However, the challenge remains that management will need to consider the cost against the benefits of the implementation of this methodology for the long term benefits. A paradigm shift needs to take place. Unless ABC Trust becomes better-informed in terms of potential long-term benefits and outcomes offered by process reengineering, they may continue to depend upon intuitive knowledge to address business needs. Whether this will garner them the competitive advantage needed to survive in the demanding volatile global industry will remain to be seen within the next ten years.



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APPENDIX A – INTERVIEW QUESTIONS

SECTION A

Gender	
Male	
Female	
Educational Qualification/s	
Matric	
Certificate	
Diploma	
Degree (B.Sc./BA)	
Masters/MBA/M.Sc.	
Doctorate	
Period in the banking industry	
1 – 5 years	
6 – 10 years	
11 – 15 years	
16 years or more	
Position	
Provincial Branch Manager/Head of Trust	
Trusts Manager	
Relationship Manager	
Team Leader/Supervisor	
Relationship Officer	
Trust Support Officer	
Trust Clerk	
Permanent Float	
Temporary Staff	
Other	
If other, please specify:	
Branch	
Head Office	
Wills	
Rosebank	
Other	
If other, please specify:	

SECTION B

This section deals with employees' understanding of business process reengineering and the current situation. Please tick the appropriate box.

1. Briefly tell me what do you know about the term business process reengineering?
2. Do you think that there is a need to change and/or improve the business process management?
3. With regards to the **current** process management environment please tell me about:

- a. When was the last change effort taken place?
 - b. Does change focus on delivering value to the customer?
 - c. Do you understand what is meant by process is the “master” and information systems are the “servants?”
4. From the following list tell me what is the most critical challenge that business process management changes and why?
 - a. Regulatory compliance
 - b. Risk management (creating controlled environments, managing risk factors)
 - c. Responsiveness (going from reactive to predictive)
 - d. Cost reduction (increase efficiencies and automation)
 - e. Real-time decision making
 - f. Any other

SECTION C – Leadership Evaluation

1. Tell me briefly of the relationship you share with your manager
2. What leadership style he/she uses?
3. What leadership style you prefer him/her to use? Why?
4. Tell me about the support you receive
5. Are you happy with the manner in which you are corrected? Why?

SECTION D – Communication

1. Are you able to have an open and honest conversation with your manager? Please elaborate
2. Do you often need your manager to provide clarity and what he/she has just discussed?
3. Does your manager gets upset or maybe in a rush when gaining clarity does? If yes how often does this takes place?

SECTION E – Team Effectiveness

1. How would you best describe your team?
2. Does the team receive frequent feedback on performance?
3. Team members are encouraged to commit to the team vision, and leaders help them understand how their role fits into the big picture.
4. Are team members are given a chance to work on interesting tasks and stretch their knowledge and capabilities?
5. Is working relationships across units or functions poor, and is there a lack of coordination?

APPENDIX B – QUESTIONNAIRE



BUSINESS PROCESS REENGINEERING QUESTIONNAIRE

Department of Quality and Operations Management at the University of Johannesburg





Dear Participant

You have been invited to participate in a research study of “The Role of Business Process Reengineering” within the trust environment. The aim of the research is to identify areas of improving service delivery using Business Process Reengineering Approaches and the study seeks to improve the competitive position of the trust division within the fiduciary industry.

I would like to thank you for setting aside time to complete the questionnaire. Please note that all responses will be totally confidential and will remain completely anonymous throughout the research. Your participation involves answering questions regarding your experience. The survey should take no longer than 15 minutes to complete. The data will be summarized and no individual responses will be able to be identified.

Instructions for the completion of this questionnaire:

1. Please ensure that all questions are answered.
2. Complete the questions as truthfully as possible, as there is no right or wrong answer.
3. Please capture the first response that comes to mind.
4. Please indicate your answers with an “X” in the appropriate box.
5. Please return the questionnaire to the person that approached you to participate in this research.

Thanking you in advance for your participation.

Sincerely,

Nicole Edward

SECTION A

The objective of this section is to obtain a demographic view of the respondents.
Please tick the appropriate box.

Example	
Married	X
Single	

Gender	
Male	
Female	
Educational Qualification/s	
Matric	
Certificate	
Diploma	
Degree (B.Sc./BA)	
Masters/MBA/M.Sc.	
Doctorate	
Period in the banking industry	
1 – 5 years	
6 – 10 years	
11 – 15 years	
16 years or more	
Position	
Provincial Branch Manager/Head of Trust	
Trusts Manager	
Relationship Manager	
Team Leader/Supervisor	
Relationship Officer	
Trust Support Officer	
Trust Clerk	
Permanent Float	
Temporary Staff	
Other	
If other, please specify:	
Branch	
Head Office	
Cape Town	
Port Elizabeth	
Durban	
Wills	
Rosebank	
Other	
If other, please specify:	

SECTION B

This section deals with employees' understanding of business process reengineering and the current situation. Please tick the appropriate box.

5. What do you know about the term business process reengineering?

	Yes	No	Unsure
It makes the organisational structure flatter.			
It brings greater efficiency and cost effectiveness.			
It is the same as reorganizing, de-layering or flattening the organisation.			
It increases responsibility and accountability.			
Reengineering is another name for downsizing			
It is the fashion of the day.			
Reengineering focus on systems advancement			
It brings radical change in the way things are being done.			

6. Do you think that there is a need to change and/or improve the business process management?

Yes	
No	

7. Please evaluate **your current** process management environment **as you perceive it**. Select the option that best describes how the bank manages its key business processes.

Process Evaluation	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) Business processes are directly linked to the bank's strategy and critical success factors.					
b) Business processes are defined before launching improvement initiatives.					
c) Key players understand the role of process management in improving performance.					
d) Improvement efforts are prioritized according to the process and its relation to current issues					
e) Process management teams use a standard approach to navigate process analysis and design.					
f) Process performance is measured at the individual, process and business level.					
g) Process analysis and design efforts focus on delivering value to the customer.					
h) Process owners monitor process metrics and continuous improvement efforts on a regular basis.					
i) Process is the "master" and information systems are the "servants."					
j) Process and cultural issues are effectively addressed when process changes are introduced.					

8. What is the **most** critical challenge that business process management changes?
Please tick the appropriate box. (Tick only one).

Regulatory compliance	
Risk management (creating controlled environments, managing risk factors)	
Responsiveness (going from reactive to predictive)	
Cost reduction (increase efficiencies and automation)	
Customer experience	
Real-time decision making	
Other	
If other, please specify:	

9. Does the bank conduct formal process improvement projects?

Yes	
No	

10. Does the bank emphasize end-to-end process management?

Yes	
No	

SECTION C

This section evaluates the current leadership style **as you perceive it**.

Please tick the appropriate box **in your current capacity**, as a leader of a team or as a subordinate.

Leadership Evaluation	Strongly Disagree	Disagree	Agree	Strongly Agree
a) Close supervision is required to ensure that work gets done.				
b) Employees are part of the decision-making process.				
c) In complex situations, subordinates are encouraged to resolve problems their own.				
d) Most staff members in the general population need motivation to complete a task.				
e) Providing guidance without pressure is the key to being a good leader.				
f) Leadership requires staying out of the way of subordinates as they do their work.				
g) Employees must be given rewards in order to motivate them to achieve organisational objectives.				
h) Employees must be reprimanded in order to prompt them to achieve organisational objectives.				
i) Most workers want frequent and supportive communication with their leaders.				
j) Leaders should allow subordinates to appraise their own work.				
k) Most employees feel insecure about their work and need direction.				
l) Leaders need to help subordinates accept responsibility for completing their work.				
m) Leaders should give subordinates full freedom to solve problems on their own.				
n) The leader is the chief judge of the achievements of a group.				

SECTION D

This section establishes the level of communication within your trust environment, and has two parts. Please ensure you complete the correct section.

SECTION D1: To be completed by general staff who have no subordinates.

Please tick the appropriate box.

Communication Evaluation	Almost Never	Occasionally	Usually	Always
a) My manager maintains good eye contact and gives people their full attention.				
b) My manager let people finish what they are saying without interrupting.				
c) My manager encourages people to speak their minds openly and share their concerns.				
d) My manager interrupts while the other person is speaking.				
e) My manager delivers their communication at a pace and in a way that is comfortable for others.				
f) My manager carefully probe when he/she does not understand something.				
g) My manager communicates style is constant even though he/she is losing the other person's attention.				
h) My manager considers every constructive criticism as an opportunity to improve.				
i) My manager focuses on the facts when giving feedback.				
j) I look for the underlying message behind people's words.				
k) I demonstrate that I've understood what is being said by nodding.				
l) I think my body language is indicative of attentive listening.				
m) I carefully probe when I do not fully understand something.				
n) I am comfortable to speak to my manager when I am confused or unsure.				
o) I am able to get complicated ideas across clearly.				
p) I consider every constructive criticism as an opportunity to improve.				
q) I adjust my communication style if I feel that I am losing the other person's attention.				
r) I avoid assuming that the other person's perspective is the same as mine.				
s) I seek to put what I hear into a reasonable context, based on my experience.				
t) I pick up and understand non-verbal clues and signals.				

SECTION D2: To be completed by all levels of management and general staff who have subordinates. Please tick the appropriate box.

Communication Evaluation	Almost Never	Occasionally	Usually	Always
a) I maintain good eye contact and give people my full attention.				
b) I let people finish what they are saying without interrupting.				
c) I encourage people to speak their minds openly and share their concerns.				
d) I avoid interrupting while the other person is speaking.				
e) I deliver my communication at a pace and in a way that is comfortable for others.				
f) I carefully probe when I do not fully understand something.				
g) I adjust my communication style if I feel that I am losing the other person's attention.				
h) I consider every constructive criticism as an opportunity to improve.				
i) I focus on the facts when giving feedback.				
j) In general, staff are able to look for the underlying message behind people's words.				
k) Staff generally demonstrates that they've understood what is being said by nodding.				
l) I think, in general the staff body language is indicative of attentive listening.				
m) Staff carefully probe when they do not fully understand something.				
n) Staff are comfortable to speak to me when they are confused or unsure.				
o) Staff are able to get complicated ideas across clearly.				
p) Staff considers every constructive criticism as an opportunity to improve.				
q) Staff adjusts their communication style if they are losing the other person's attention.				
r) I avoid assuming that the other person's perspective is the same as mine.				
s) I seek to put what I hear into a reasonable context, based on my experience.				
t) I pick up and understand non-verbal clues and signals.				

SECTION E

The last section assesses team effectiveness. Please tick the appropriate box.

Team Effectiveness Evaluation	Not At All	Rarely	Often	Very Often
a) My team is knowledgeable about the stages of development that teams can be expected to go through.				
b) Team members are provided with a great deal of feedback regarding their performance.				
c) Team members are encouraged to work for the common good of the organisation.				
d) There are many complaints, and morale is low.				
e) Team members don't understand the decisions that are made, or they don't agree with them.				
f) People are encouraged to be good team members, and build good relationships.				
g) Team members are provided with development opportunities.				
h) Meetings are insufficient to establish the needs of the team.				
i) Team members are encouraged to commit to the team vision, and leaders help them understand how their role fits into the big picture.				
j) Team members are given a chance to work on interesting tasks and stretch their knowledge and capabilities.				
k) The team understands what it needs to be done to achieve their goals.				
l) The team has the resources needed to be successful in achieving their goals.				
m) Conflict and hostility between members is an issue.				
n) People feel that good work is adequately rewarded.				
o) Team members balance their individual needs for autonomy with the benefits of mutual interdependence.				
p) Working relationships across units or functions are poor, and there is a lack of coordination.				